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INTERNATIONAL Dependency IN THE 1970'S



How America underdevelops the world.
A State of the Empire Report.

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\$1.00 in the Empire; 50¢ to the movement.

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Los Dies Milliones Van!



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WHAT STRATEGY FOR THE THIRD WORLD?



October nationalization of Bolivia Gulf Oil —

—Wide World.

Introduction

The Strategy for the Seventies

Americans discovered Vietnam in 1964, but the foundations, university experts, corporations, and foreign policy associations had been planning US involvements in South East Asia since the early 1950's. One reason for this "lead-time" between elite decisionmaking and public awakening is that university scholars and established journalists have been too busy in Hans Morgenthau's unhappy phrase "speaking truth to power". As a result, public opposition to a corporate controlled foreign policy often comes too late for the people to control its formulation.

Once again, US corporations and their government allies are preparing to embark on a shift in their strategies towards the peoples and underdeveloped nations of the "Third World". In the face of a growing opposition to the Vietnam war, in particular, and to the interventionist character of US foreign policy in general, powerful forces are reformulating policies designed to consolidate and expand their influence and interests in the 1970's.

These new policies have already been endorsed, and will be promoted by a Nixon administration out to change America's image abroad. By using the rhetoric of "disengagement from the affairs of other nations," Nixon hopes to refurbish American credibility at home and abroad. But contrary to appearances, the strategies for the seventies are actually intended to strengthen US control over the developmental possibilities of the world's peoples and rationalize America's Free World Empire. They involve policies which seek to avoid unilateral American military interventions like the one in Vietnam which has divided the country and brought it to discredit and military defeat. Out to counter the image of world policeman, they refuse to confront the fact that to most of the people now living in the imposed poverty of underdevelopment, the US is seen less as world cop and more as world robber.

The thrust of the recycled policies now being implemented involves a massive step-up in the importance and scope of international development aid programs. The idealistic rhetoric of "international development and cooperation" has been trotted out to disguise the imperialistic interests of corporate power. In the seventies, US involvement abroad will be sold in terms of helping the world's peoples help themselves. That involvement will make greater use of

such multilateral institutions as the World Bank and the UN. If this is successful, it promises increased dependency for Third World peoples and more stability for the world capitalist system. If it can be stopped, that system could be weakened to the advantage of the peoples now its subjects and victims.

This pamphlet has been written to expose and demystify this evolving strategy of intervention and domination. It will trace the origins of this strategy, examine the assumptions and motives of its proponents, and show why it only means continued subjugation for already oppressed peoples in Africa, Asia and Latin America. The pamphlet format does not allow a presentation of the most definitive critique of the ideology or practice of the development strategies under discussion. Nor will it allow us to adequately spell out an alternative or the strategies to achieve it.

Instead, in these pages we will simply target the ideas and the institutions which are becoming the critical vectors of American influence and interests in the world economy. We want to put them on the map of political consciousness. The men and institutions responsible for the conceptions which underlie this new emphasis in foreign policy are, no doubt, motivated by sincere intentions. They clearly believe that capitalist values and corporate interests are compatible with the needs and interests of the majority of mankind. We do not. In indicting them, we are not preoccupied, nor do we think others should be, with the conspiratorial aspects of their behavior. In the most basic sense they do not form a conspiracy but a class. As Steve Weissman explains, "Those who run these varied institutions, especially the corporations, believe quite firmly that America needs large and expanding overseas markets, raw material imports, and new investment opportunities. This expansion is needed both to benefit the corporations and to convince the less privileged of their fellow Americans to seek their slice from a growing economic pie rather than from the plate of the privileged....There is a global vision--a vision of a world open to the American Corporation and organized to serve its interests." Their class interests and managerial values have social and economic consequences which must be studied and opposed since they require and reinforce international patterns of inequality so as to actually promote underdevelopment.

The basic trends and tendencies which we will document threaten to decrease potential popular control over US foreign policy still further. They will concentrate even more power and resources in the hands of fewer and fewer people. If this strategy succeeds unopposed an unrepresentative elite will usurp even more power cloaked in even more anonymous institutions.

Origins of a Strategy

How the Corporations Make Policy

Conferences are nothing new to Washington and the World Development meeting slated for late February at the Mayflower Hotel seems low key enough to slip by without much critical notice.

Convened by the International Development Conference, an organization which appears to represent a cross-section of civic groups, business, labor and farm organizations, the two day meetings will focus on "World Development in the Seventies: The Need for New Departures." Actually, this meeting merely represents the latest attempt by corporate interests to rally public support for their multi-layered strategy of shifting power towards newly created institutions necessary to expand and rationalize their overseas involvements.

The Conference's timeliness in some senses underscores its importance. By March 1970, President Nixon is legally required to submit a whole new approach to aid to Congress. His own task force headed by Rudolph A. Peterson, Chairman of the Bank of America, has been at work on the problem since October. At that time, the

corporations expect to make a major push to increase U.S. spending for multilateral approaches to AID as well as a permanent business role in its formulation and execution. By staging the meeting at this time, its sponsors hope to generate a climate of public opinion favorable to the corporate aid thrust.

The Conference represents the first major public of the newly created Overseas Development Council, a corporate controlled and foundation funded high-powered public relations agency for the wonders of capitalist development. Not only will ODC speakers be gracing its panels but the meeting itself was organized out of its plush offices. The American corporations have some "new departures" in store for the international system they dominate and conferences offer a way of "educating" the opinion-makers who, in turn, are supposed to market the idea to the public.

The basic theme is as old as capitalism itself: private enterprise and private investment offers the best road to economic growth and prosperity for all. The poor

nations are poor, not because they are dominated by imperialist powers, but because they lack the capital or technology or "entrepreneurial skills" or anyone of a number of attributes the U.S. has to offer. So argue the business elites and their many ideological apologists. Accordingly they are quite prepared, they claim, to help the rest of the world develop. If they make a profit on it, so what? That's the American way, isn't it?

David Rockefeller thinks so.* He personally has played a leading role in the shaping of a strategy which involves giving aid a "multilateral look" and sharpening development assistance programs as instruments for actually strengthening the power of the developed nations over the less developed ones.

The strategy for the seventies has three basic components:

1. A new Overseas Private Investment Corporation (OPIC) which will use public money to promote and assist foreign investment seeking profit in the Third World. OPIC represents an important new departure because it will have corporate management and be authorized to insure American participation in multinational ventures.

* The Rockefellers have long promoted development as a means of facilitating imperialist expansion during the post war period. In 1952, the Rockefeller Panel reports made recommendations similar in tone to those being enunciated today.

2. An emphasis on multilateralism to create anonymity while centralizing control. This strategy centers on an expanded role for the World Bank, a basic reorganization of the UN Development Program and the strengthening of regional institutions.
3. Vietnamization of the World: a less visible role for American military power as U.S. trained armies and police take on global counter-insurgency duties. Re-emphasis on military aid to promote law and order internationally and a permanent role for the UN peacekeeping apparatus.

These notions will hardly be sold to the Conference quite this way. Instead the basic ideas will be filtered through discussions of issues as framed by corporate leaders and their academic technicians. Foreign investment will be promoted less for its intrinsic goodness than its beneficial and indispensable qualities. The wonders of the "green revolution," a thinly disguised program of opening third world agricultural economies to penetration by U.S. agribusiness, will be debated instead of how to more equitably distribute existing food surpluses. The problem of "population control" will assume an important place but not the problems of how one narrow section of the population in each country oppresses the majority.

Major speakers at the meeting underscore its corporate tone. Nixon's aid Administrator John

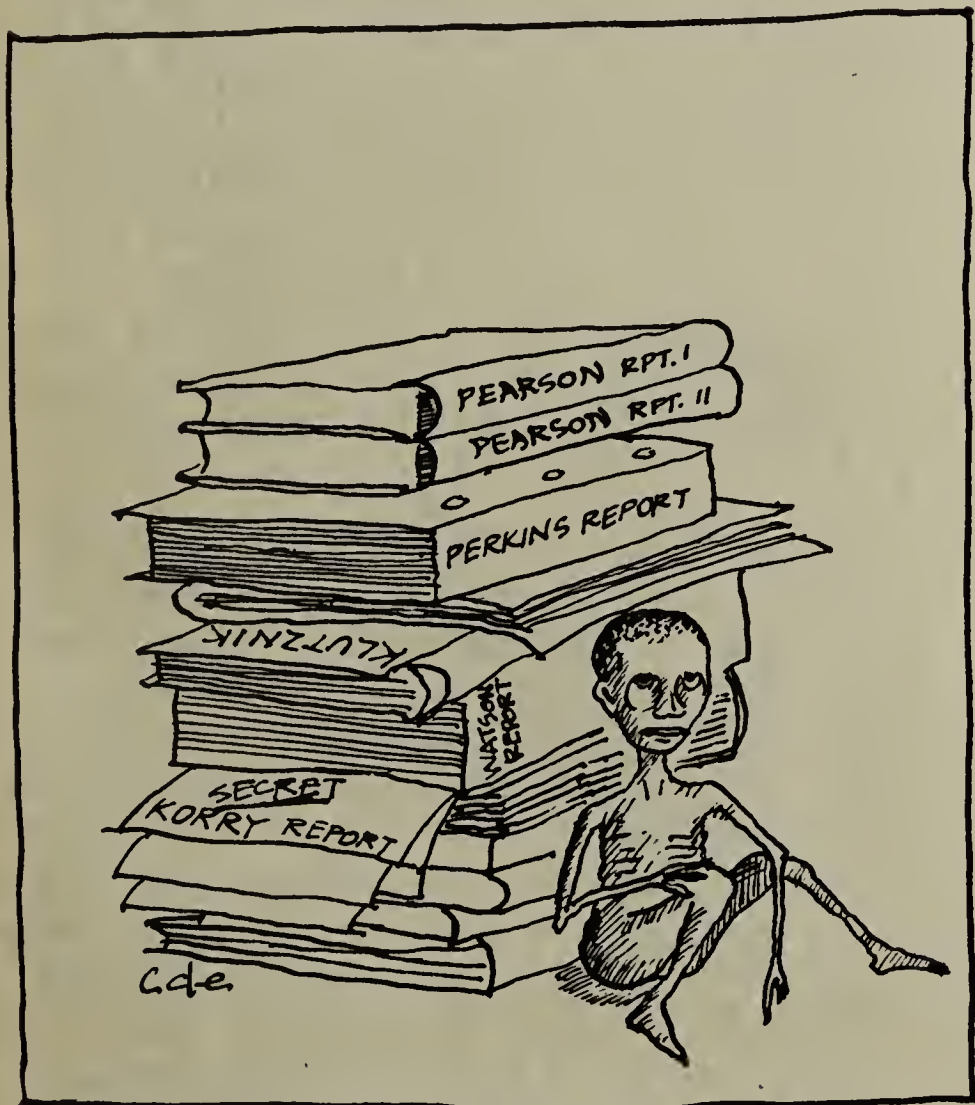
Hannah, the former President of Michigan State University deeply implicated by its heavy CIA involvement in Vietnam, will give the keynote address. Lady Jackson (Barbara Ward) fresh from her own closed conference about development problems a week earlier will fly in to woo the liberals. A believer in the need for more private involvement, Barbara Ward is hardly a radical critic of the established aid system. James Grant, President of the Overseas Development Council will moderate the only plenary session while Andrew Rice a longtime functionary in AID circles heads up a skeptics panel. The major participants at this gathering and the issues to be discussed are examined elsewhere.

The character of this conference is in no way unlike the character of the development process it has been convened to celebrate. "New Departures" likely to affect the destinies of millions of people will be discussed and debated largely without their participation or their knowledge. As we will see, the February confab, and other meetings to come, are actually part of a process initiated many years ago by corporate strategists to sell their conceptions of making the world safe for American business. This process itself makes an illuminating case study of the mechanisms which serve corporate power at home and abroad.

OPIC: Public Money and Private Profits

Recently, President Nixon signed the 1969 foreign aid bill after Congress slashed his requests, as they have since 1966 by more than a billion dollars. While public attention was riveted on whether the China lobby would be able to give Taiwan the Phantom jets it wanted, passage of a section of the bill with far reaching implications virtually unnoticed by the public slipped through unopposed. It represented a first victory for the attempt to restructure the foreign aid program. The new law set up a publicly funded but privately run Overseas Private Investment Corporation.

In the short run this quasi-governmental corporation (funded initially by taxpayer's dollars and managed by a board that is dominated by corporate officers appointed by the President) will take over the responsibilities



that have previously belonged to the Private Enterprise office of the Agency for International Development. The primary task is that of facilitating the investment of American corporate capital in the underdeveloped world. The essential stimuli have been the cooperative financing of feasibility studies for potential investment and somewhat more importantly the insuring of third world investments against various political risks and changes in the value of third world currencies.

What international business has gained initially is the right to insure American participation in multinational consortium ventures in the Third World. Something that has been continually resisted by AID. But more important are the plans the corporate heavies have for evolving the form of OPIC. They envisage winning public support and Congressional approval for an autonomous development corporation with equity issuing rights that can help coordinate corporate initiatives abroad.

Funding for the program will be as follows: \$7.5 billion new insurance authority and a revolving fund for direct investment of \$100 million (to come from five one-year appropriations of \$20 million). In other words, the forces lobbying for OPIC have watered down their financial requests in hopes of getting the institution legislated into existence. Once it exists, they plan to press for even more generous funding, with eventual hope of having the government underwrite its securities.

Shaping the New Institutions

OPIC was conceived to fit into a larger network of organizations designed to give aid a new "international look" and a more subtle political tone. That network is composed of country-level institutions intended as vehicles for more effective aid programs as well as multilateral agencies designed to coordinate them. By providing channels for regular consultation, these mechanisms actually help integrate the developed nations and strengthen their bargaining power vis a vis the poorer countries. On the international level the new aid strategists plan to expand the role and influence of the World Bank as well as reorganize the United Nations Development Program. On regional levels, private interests have already set up multinational investment companies (ADELA in Latin America, PICA in Asia, and another currently being organized for Africa) while the U.S. has sought to strengthen regional collective security organizations as a framework for economic and military coordination (SEATO in Southeast Asia, OAS in Latin America and, on a slightly less important basis, the OAU in Africa).

This new emphasis on "multilateralism" and "regionalism" is a natural by-product of the rise of the U.S. controlled "multinational" corporation. It seeks to counter tendencies towards nationalism (of the revolutionary or reactionary varieties) in the developing nations and substitute on the ideological and practical level a broad acceptance, at least on the part of "strategic elites," of the "interdependence"

of the world economy. On the level of aid alone, this internationalism of the elites can only serve the interests of American manipulators. As one astute commentator on foreign aid has observed, "The United States for example, may seek the comparative anonymity of multilateralism when the recipient regime of local opposition suspect 'strings' or other undue influence by the donor." In other words, multilateralism is a smoke-screen for U.S. influence.

(David A. Baldwin, "Foreign Aid, Intervention and Influence," World Politics, April 1969.)

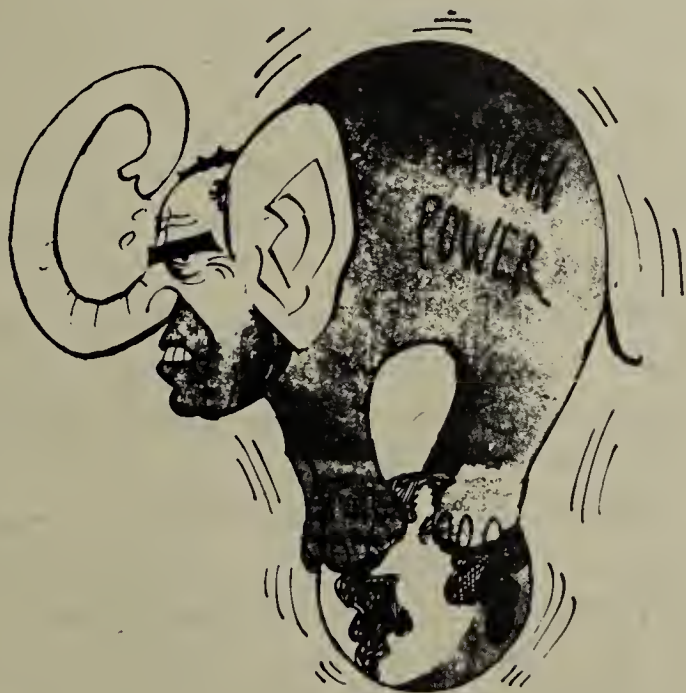
"Such a move," Baldwin adds, would not mean political neutralization however. To seek a measure of anonymity, Liska rightly observes, is not to suspend the primarily political character of aid; it is merely to adopt a more proficient method in situations where direct involvement may be onerous for either the donor or the recipient.

Developing & Promoting 'New Departures'

This new institutional thrust reflects years of planning by corporate interests. The policies they are now partially submitting to Congress for review were formulated in small committees controlled by corporate liberals. They are presently grooming public support by using foundation funded public relations agencies like the Agribusiness Council and the Overseas Development Council. Conferences, some public and others closed, have been utilized to organize public opinion and mobilize the forces of private persuasion. This development package designed by the companies and engineered by the experts has apparently been sold to the Nixon administration quite easily. Now support for it is being rounded up in Congress. At the same time the ideas themselves will be marketed to the public at a variety of conferences and through the media.

The Legacy of Reports

These conferences and public maneuvers are merely discussing and ratifying ideas put forth in a series of high powered reports prepared by corporate executives. They intensified in the years when the Vietnam war was being escalated--that is in 1965 and 1966. The failure of the Vietnam strategy and the domestic opposition it generated towards America's overseas involvements led to an acceleration of policy reappraisal and a shift toward increased emphasis on multilateral institutions. This shift specifically followed the frustrating efforts by U.S. strategists to use aid programs as primary instruments



From THE HINDU, Madras

of American influence abroad.

These strategists have been seeking a new formula for aid for some years. They knew that aid was a valuable tool in the effort to manipulate the politics and control the economies of the "developing nations." The Kennedy administration had tried to streamline the foreign aid machinery but its best efforts floundered on the shoals of Congressional resistance and the tendency to expand through unmanageable bureaucracies.*

*On this subject, Waldemar Nielson, a corporate liberal planner, adds: "To make matters worse his own advisors introduced concepts of development planning, resource allocation and project preparation of such sophistication in administration of aid that the shorthanded African states could not satisfy the required paper work. As a result, funds did not move; year after year the allocations to Africa were not expended."

To pacify Congress and build support for more aid, Kennedy and then Johnson appointed distinguished panels to review the aid program and offer recommendations for improving it. The first such report, commissioned in 1963 by JFK from a panel headed by General Lucius Clay, backfired and became a political embarrassment. The Clay committee applied a narrow cold war analysis to the problem of AID and ended up attacking the foreign assistance program from a vantage point which one corporate liberal strategist found was "negative, narrow and unperceptive." Subsequent studies were

then prepared by more carefully chosen panels and were more preoccupied with America's international economic position than military questions.

In July 1965, another panel, this time an Advisory Committee on Private Enterprise and AID headed by Arthur Watson, Chairman of the IBM Trade Corporation and including the President of the Ford Foundation, outlined a plan to step up government efforts on behalf of private enterprise seeking access to markets in the Third World. The Watson report called for the formation of some new "hybrid public-private" agency to give aid more flexibility and to create more of a role for non-governmental resources (i.e. private companies) in the whole thrust of foreign assistance.

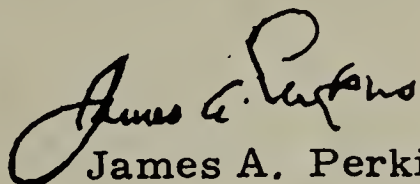
Early in the next year, at a Presidentially convened White House Conference on International Cooperation, a report by Phillip Klutznik, the Chicago banker and onetime Ambassador, took up a similar theme. "This committee," says the report, "devoted much its attention to specific ways in which American businessmen and private organizations, given their many advantages of expertise, capital and flexibility can take a much larger role in assisting (sic) the developing countries." It also urged that an "increased emphasis be given to multilateral aid arrangements and to regional cooperation among donor and recipient countries." Klutznik's committee included banker David M. Kennedy, now Secretary of the Treasury, Waldemar Nielson of the African-Ameri-

DEVELOPMENT ASSISTANCE IN THE NEW ADMINISTRATION

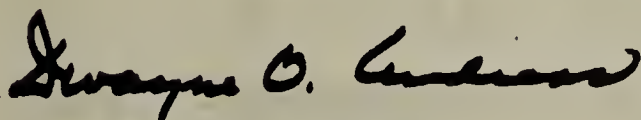
Report of the

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ON FOREIGN ASSISTANCE PROGRAMS

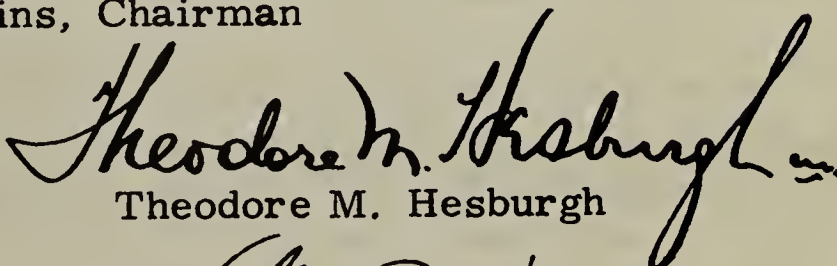
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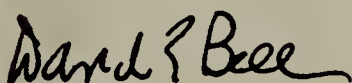
James A. Perkins, Chairman



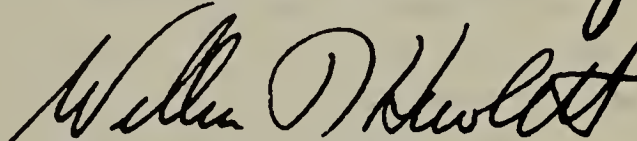
Dwayne O. Andreas



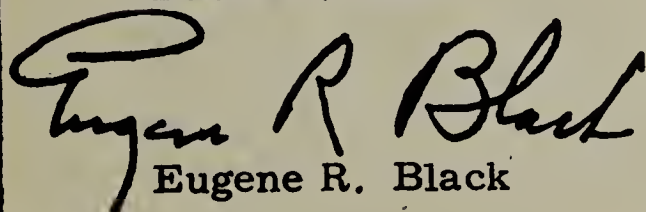
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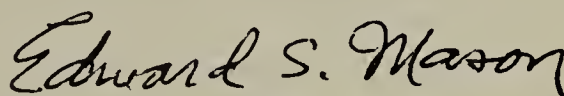
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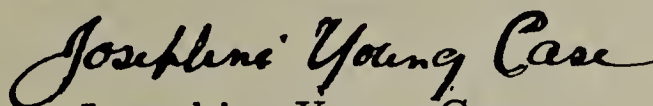
William R. Hewlett



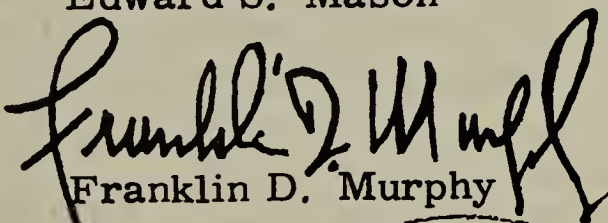
Eugene R. Black



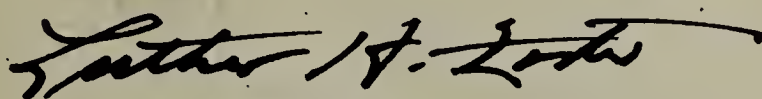
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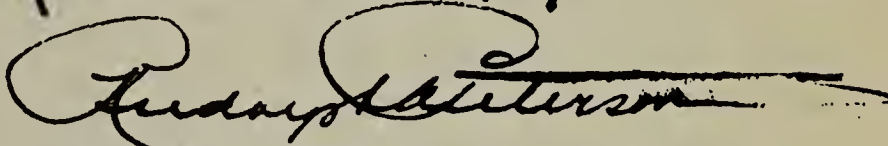
Josephine Young Case



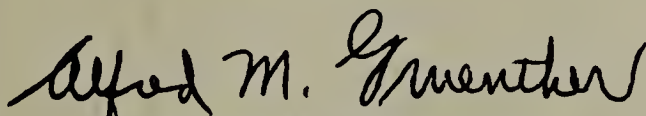
Franklin D. Murphy



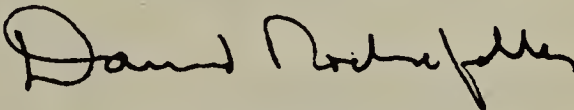
Luther H. Foster



Rudolph A. Peterson



Alfred M. Gruenther



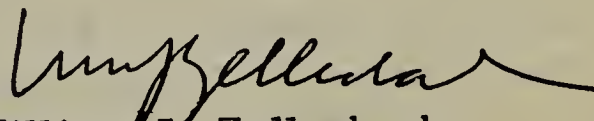
David Rockefeller



J. George Harrar



Frank Stanton



William J. Zellerbach

can Institute and Arthur Rice of the Society of International Development among others.

Also, in 1966 in order to counter growing Congressional opposition to the foreign aid program, Lyndon Johnson asked his Ambassador to Ethiopia, Edward Korry (now posted in Chile), to make recommendations for the reorganization of the Aid program particularly in Africa. Korry's report was, mysteriously, never made public. Some of its proposals were however leaked: they called for an increased reliance on multilateral instruments and a reorganization of the UN development system. This latter idea was taken up later in a UN report by Sir Robert Jackson which strangely became "unavailable" shortly after its official release. Korry's proposals incorporated into LBJ's AID message were soundly defeated by Congress. "By its actions in 1967 and 1968," wrote Waldemar Nielson somewhat bitterly, "Congress in effect rejected everyone of the new goals outlined by the Administration and adopted policies the reverse of what had been recommended."

Corporate liberalism did not give up. Instead the effort to transfer power over development projects from Congress to new institutions was intensified. Yet another blue ribbon panel--the heaviest of them all--was launched to come up with a better formula. On October 25, 1968, a Committee chaired by James A. Perkins, then President of Cornell and a member of the Chase Manhattan Bank Board, released a report on "Development Assistance in the New Administration." It tightened up the recommendations of earlier

corporate oriented reports and explicitly applied them to the "World setting of the 1970's".

The Perkins committee expressed the fear now widespread among corporate ideologists that the strains of the Vietnam war, unrest in the ghettos, the revolt of taxpayers and the deterioration of the cities might feed a growing isolationist and anti-interventionist sentiment. To counter "the tide of withdrawal which is now so strong," the Committee called upon the next administration (it wasn't clear, or important at the time who the figurehead would be) to reestablish the U.S. as a "pacesetter in peaceful development cooperation." They called the task urgent; a "historical imperative." A National Association of Manufacturer's spokesman put the same problem in blunter language: "(We)...must deal with negative nationalism...(and)...the need for U.S. image improvement." Perkins' reasoning provides the most candid formulation of the entire corporate thrust to enlist public support for their continued hegemony in the Third World:

Fundamentally the committee believes that development cooperation provides the U.S. with an alternative to military involvement for playing a continuing role in the less developed world. Doves or Hawks on our military commitment in Vietnam can equally support assistance for development.

The Report itself advocated the creation of a "streamlined successor" to the present Agency for International Development (AID), the formation of a Development Corporation, a step-up in overall foreign aid

spending and, of course, increased reliance on multilateral agencies, particularly the World Bank and regional organizations. The men who endorsed this report by no means urged the dismantling of the military industrial complex. Far from it. They hope that continued U.S. arms flows to the corrupt regimes in much of the Third World will stabilize things without requiring a more direct American presence. In the meantime, "development cooperation" with its politically neutral, even idealistic ring to it, can divert attention from the real dynamics of corporate imperialism.

The Wrap Up

The wrap-up came with yet another high level business advisory group's influential report specifically stating "The Case for a U.S. Overseas Private Enterprise Development Corporation." This key report was released in December 1968 by the International Private Investment Advisory Council (IPIAC), a group representing corporate interests and such business groups as the National Association of Manufacturer's, the Chamber of Commerce of the United States, the Committee for Economic Development, the National Foreign Trade Council, the National Industrial Conference Board and the U.S. Council of the International Chamber of Commerce. Each of these groups subsequently issued their own report endorsing the basic idea put forward by IPIAC as well as the need for a more sophisticated aid strategy. This report by IPIAC was specifically intended to support maneu-

vers by Senator Jacob Javits on behalf of the OPIC proposal. (see below our summary entitled: "Climbing Jacob's Ladder.")

NIXON PICKS HIS BALL UP

There is every indication that the Nixon Administration intends to make this new strategy operational. So far as it is politically able. Observers in Washington already see a shift in these new directions. "The new Administration," reported William C. Selover in the Christian Science Monitor in mid February 1970, "apparently wants a shift to a 'low profile' United States AID image around the world reflecting Mr. Nixon's so called Guam doctrine. (A wish to shift more of the South East Asian defense burden onto U.S. trained armies in South East Asia (e.g. Vietnamization etc.)) The budget message explains it by saying that such programs "are characterized by a new style of mutual cooperation among nations with greater reliance on multilateral institutions. "Outlays," he adds, "for international financial institutions are to be increased from \$79 to \$335 million."

While most public attention is focussed on the military aspects of this strategy — more direct military aid directed at movements (insurgencies) as outlined in the controversial Rockefeller report on Latin America — this plan to conceal intervention in the form of "development cooperation" is more insidious. In the United States the Nixon administration

has endorsed the Overseas Private Investment Corporation approach. The Executive Branch has thus enlisted in the effort to give private interests even more power than they already have in shaping foreign policy. The Corporations, in turn, want to strengthen the Executive branch and weaken Congressional power. The development theme has allowed them to get backing from Congressional "liberals" like Javits, Church, or Fulbright, all normally thought to be in favor of a strong Congressional voice in policymaking.

HOW THE CORPORATIONS WIN SUPPORT

To win support for a strategy designed in their interests, the Corporations and their allies have undertaken a multi-level campaign to sell their program to the American people. This campaign which is now unfolding has several interrelated and overlapping phases:

- (1) Finding Congressional support.
- (2) Organizing and consolidating support in the business community;
- (3) Creating a receptive international climate for a step-up in U.S. business' global role and
- (4) Manipulating public opinion at home.

Finding Congressional Support

The Congress has consistently undermined the attempts of U.S. strategists to maximize the political use of A.I.D. programs. As a result, promoters of aid are attempting

to transfer decision-making to even less democratic institutions. To do so, they have enlisted the help of a small number of Congressmen and Senators with the international sophistication and business orientation to understand the necessity of reorganising and revitalising the foreign assistance program. They have introduced and promoted the OPIC idea and are key politician-salesmen for the strategies for the seventies.

In the Senate Jacob Javits of New York has championed the cause of the private enterprise approach to aid ever since he started holding public offices. (see full details elsewhere in this pamphlet.)

In the House, Democratic Representative Farbstein, also from New York, held hearings on the private role in development in the Spring of 1968, shortly before the Perkins committee. His subcommittee then issued a report calling for the creation of a quasi-public corporation aimed at attracting more private capital to overseas investment modeled along the government-corporate lines of COMSAT, the Communications Satellite Corporation, which combines both federal and private capital. According to the New York Times, this idea was first broached to Mr Farbstein's subcommittee by the late Francis X. Scafuro, executive Vice-President of the Bank of America (NYT April 1, 1968). It was the Farbstein proposal that later became the Overseas Private Investment Corporation (OPIC) bill.

Hearings on OPIC were conducted by the House subcommittee in the late summer of 1969. At these hearings, AID personnel sought to insure that the AID apparatus and the new private investment corporation would be both compatible and complementary. Other witnesses, including professors of business and corporate leaders introduced modifications or sought to tighten the Bill's provisions and technical sections. By and large the business executives who testified were ecstatic about the prospect of the corporation even though it would not initially receive the scale of financial backing the companies hope will eventually propel it. Virtually all the witnesses favoured its introduction. None of the subjects of American overseas financial involvement were invited to testify. Among those submitting statements on the Bill's behalf were Rodman C. Rockefeller who runs the International Basic Economy Corporation, instrument of the Rockefeller interests active in Latin America.

Organizing the Business Community

Business interests have for sometime favored measures which subsidize private efforts with public funds. OPIC is no exception. It remained, however, for the corporate elites to introduce the OPIC concept to the business community at large and then sell the idea to the more skeptical.

Business support for OPIC was coalesced through a combination of favorable reports by business panels a little hard selling by foundation funded corporate fronts and discussions at business organizations which were finally expressed in a series of resolutions by such groups as the National Association of Manufacturers, the International Chamber of Commerce, and the National Foreign Trade Council.

This reawakening of business interests in the development process indicated an awareness of considerable untapped investment opportunities in the Third World. U.S. businessmen were also aware of their own need to export capital and develop new regional markets. The National Export Expansion Council, as will be seen, was only one of many business groups which advertised the economic scenery of the Third World. In a 1967 report they were to note:

There will be substantial future opportunities for additional profitable U.S. exports and investments in the LDC's (lessor developed countries), even at currently projected slow rates of economic growth and sharply limited availability of foreign exchange resources.

The ODC

The tempo picked up in 1969. In March, the Overseas Development Council (ODC), a "non-profit research organization" to study ways and means of furthering economic and social development in the less developed

countries" was established in Washington. This private agency with over 50% of its funds derived from the Ford and Rockefeller Foundations, is headed World Bank President and Chase Manhattan director Eugene Black. According to the New York Times, "its directors and sponsors read like a "Who's Who" of United States business, banking and industry." (March 1, 1969) The ODC was developed as a result of a recommendation by the Brookings Institution.

As its first major task, this new Council took over the task of coordinating and executing the strategy of selling OPIC, first to business, and then to the Congress. Its long range objective, however, is to continue to organize high-powered lobbies for sophisticated development programs and facilitate the entry of American agribusiness and private enterprise into the underdeveloped countries. While ODC is independent of the government, it will work closely with strategically located government agencies and key personnel.

James Grant, a former Assistant Secretary of State, was installed as the ODC's first president. He immediately began a tour on the business lecture circuit extolling the possibilities of "the Nixon era in World Development."

In late March 1969, Grant addressed a closed meeting of the NAM International Economic Affairs Committee assembled in the conference room of a major New York bank. He explained that the Congressional debates on the major restructuring of U.S. foreign aid strategy would not be coming up

until early Spring 1970. This, he contended, would provide "enough lead time" to mobilize public opinion and the business community to support a measure which so clearly benefitted business interests. He discussed the need to gain support in the churches, the academic community and the Congress. By then, the NAM had voted the new measure its complete support, as had other business groups.

The idea was "test marketed on the public in late April, at a conference in New York on "Aid Development and the New Administration," sponsored by the Society for International Development (SID). Once again, Grant spoke advocating a "modernized international development program" similar to that already proposed in the Perkins report and elsewhere. "If we are to develop a firm deterrent to anarchy and subversion in two-thirds of the world seized by the revolution of rising expectations something far more fundamental (than the present AID program) is required," he warned. Grant also firmly endorsed the notion that the U.S. should move towards greater use of multilateral aid through international organizations. "Because," he explained, "they have a greater potential for intervening effectively into the domestic affairs of a developing country."

The NAM

In November 1968, the National Association of Manufacturers International Economic Affairs Committee was given a preview of a major report to AID which was to be publically revealed a month later. Prepared by the prestigious International Private Investment Advisory Council (IPIAC), it stated the case for a U.S. Overseas Private Enterprise De-

velopment Corporation. NAM members were active in drafting the report, as were representatives of the International Chamber of Commerce, the U.S. Chamber of Commerce, the National Foreign Trade Council, the Committee for Economic Development, and the Council for Latin America, all powerful business organs, with similar if not identical membership. Each one of these groups subsequently endorsed the OPIC concept in 1969.

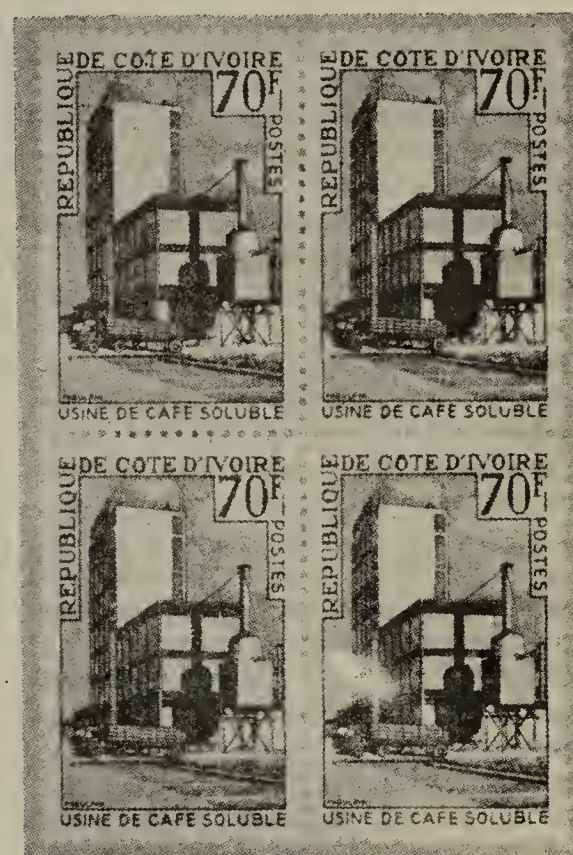
The summary of the NAM discussion on the matter illuminates the corporate conception:

The introduction of private industry management capacity will go a long way in increasing the effectiveness of this important area (of fostering the growth of private enterprise in developing countries). It will provide a direct opportunity to foster and promote the concept of the private enterprise system throughout the world...There are many favorable by-products that derive from our foreign economic policy. In this concept it will be possible for the first time for private industry to take an active role in managing a major element of this important area.

In July, an NAM task-force headed by Paul Dietz, Vice President of Allis-Chalmers, finished its position paper on OPIC which was, within a month, forwarded to Congress.

The NAM was also confronted with the task of organizing support among far flung business interests, especially smaller business and those medium-sized

Midwestern corporations who tend to be skeptical of the motivation behind the Eastern Establishment.



Stamps commemorating Nestlé factory in Ivory Coast—rewards and risks.

Selling U.S. Business Abroad.

As U.S. business prepared to step up its private investment in the Third World, the rest of the world remained to be persuaded that this step was compatible with its interests. American investment cannot go places where it is unwanted and will not go places where it will not be protected. To be effective, America's strategy for the Seventies requires receptivity in the countries to be 'favored' with more investment, as well as an international climate conducive to global capitalist economic development.

The first task, of convincing national elites that private investment flows are indispensable to development, has been relatively easy. Most Third World countries are run by neo-colonial elites who are neither representative of their own people nor

committed to more than their own class aggrandizement. Trained in the West, or dependent on it for economic and political support, these elites don't have to be sold on the necessity of U.S. investment. Moreover, they preside over economies which are, in the main, heavily indebted to the West. If present trends continue, according to U.N. statistics, virtually all the outside money reaching the Third World by 1975 will be required to meet interest charges and to pay installments on monies already borrowed from the rich nations.

The nominal rulers of Third World countries have been acutely aware of the economic pressures caused by the increasing cost of servicing their foreign held debt. Lacking a commitment to socialist development, these rulers can see no other alternative than more foreign investment to bail them out of their present turmoil. In February 1969, they were provided with the opportunity to admit their passivity at the Amsterdam UN Panel on "Private Investment in the developing nations." There the Third World elites met with such major U.S. corporate heavies as David Rockefeller, representing the family empire, Emelio Collado of ESSO International, and their European counterparts. The discussions centered on ways of facilitating more foreign private investment in already dependent countries.

At the same time that Rockefeller and others were meeting openly with foreign leaders to probe their interest in opening their doors wider to foreign investment, other corporate representative were at work on a quieter and more effective level. In his testimony before Congress, Eliot Haynes, Executive Vice President of Business International Corp, (a private

company which provides detailed business information to international business managers of the major U.S. international giants) explained that his company had discussed the need for stimulating U.S. investment with leaders in the Third World. His discription offers an insight into the channels of U.S. influence in the Third World:

...As part of the roundtable program we conduct for these corporations, to which you just alluded, Mr. Chairman, we have had five-day long intimate discussions, completely off the record, with the entire leadership of less developed countries in Asia and Latin America. Indeed one is coming up next November in Adis Ababa with some 20 African nations.

According to Haynes, these government officials from Africa, Asia and Latin America were "dying for direct private U.S. investment,": Dying!

Forging an International Climate.

This new development thrust, based on private investment, still needed further international legitimation in the form of a well-articulated rationale which could coalesce international public opinion as well as define the technical and organizational problems to be assigned to the experts. To perform this task, an international commission was selected by none other than Robert McNamara of the World Bank. Its report, heralded as a "blueprint for concerted global development action" is almost radical in sweep but pitched closely to the enlight-

As corporations get increasingly committed overseas, they are learning how to gain new advantages by adapting their organization and operations to a global environment.

ened self interest of the imperialist system in its content.

The Pearson Commission.

In August 1968, the former Pentagon chief called on Lester B. Pearson - former Prime Minister of Canada - to convene a commission to review the entire western development assistance program over the last twenty years and make recommendation for the next twenty. Pearson assembled seven commissioners* all of the calibre and roughly of the persuasion of the U.S. representative: C. Douglas Dillon, the international banker (Dillon and Read) and former Secretary of the Treasurer. Staff Director for the "international" Commission was Edwark Hamilton, Vice-President of the influential Brookings Institute in Washington and a member of the Council of Foreign Relations.

Their Report, entitled "Partners in Development" was released in September 1969. It contains a sober critique of the failure of the development assistance program to accelerate economic growth. It provides a sophisticated and incisive overview of the dilemmas of the development process and made recommendations which urge a radical step-up in aid programs, reorganization of their form, and significantly for more private investment in developing nations.

The Pearson commission has established the framework for the debate and discussion of the new modes of aid (multilateral etc.) in the academic community and

among influential economists and development experts. On February 15-21, Columbia University's Conservative School of International Affairs convened a major international conference to discuss the Pearson Commission report in a series of closed meetings in New York and Colonial Williamsburg. Robert Q. Mc Namara gave the featured keynote in New York; Governor Winthrop Rockefeller (Arkansas) kicked off the Va. meetings. Experts, academic and otherwise, drawn from the developing and developed nations were flown in for the event. A few Marxist skeptics of the aid process were also invited by Conference Chairman Lady Jackson (Barbara Ward) who holds one of Columbia's \$100,000 Albert Schweitzer Chair, to play a small role in the meetings.

The radical critics, however few in number, were scathing in their attacks on the whole strategy. British economist Michael Kidron concluded his paper on "Pearson on Foreign Investment" with these words: "... to propose as Pearson does a larger flow of foreign investment is to condone the continued desperation of the underdeveloped world. That the proposal items from bad premises rather than bad faith hardly matters." The presence of a Kidron may help the conference establish an aura impartiality, but his criticism alone will not stop the report's mystification from being widely accepted

Conclusion:

This abbreviated chronology pinpoints the stages and layers of a corporate strategy which is now unfolding. Moving with considerable resources and a heavy body of expertise, U.S. corporations are preparing for an expansion of their thrust into the third world. They are softening up international opinion in hopes of winning acceptance of the idea that what is good for U.S. business is good for the world economy, an extension of the now famous comment by former Secretary of Defense Charles Wilson that: "What is good for General Motors, is good for the United States."

Ultimately, any reasoned judgement on this strategy must reflect an assessment of the impact of the present U.S. role in the third world and a critical look at what the U.S. means by "modernization" and "development." Such an analysis is especially needed because many of the same people now endorsing the new international development strategy view the war in Vietnam as a reasonable exercise of American power. A careful look at the present pattern of U.S. penetration offers convincing evidence for the thesis that there is a basic incompatibility between the interests of U.S. businessmen and the needs of Third World peoples.

For the most part the internationalization of the development activities will in no way change the basic dynamics of this powerful private corporations will further reinforce the

international patterns of inequality and injustice. In sheer size alone, America's multi-national corporations are wealthier and more powerful than most of the countries in which they do business.

None of the marginal reforms advocated by America's growing cadre of development advisors offer meaningful developmental alternatives to the Third World. If anything, the mechanisms they promote increase dependency AND reinforce underdevelopment. They prevent the constructive use of domestic savings and encourage a dependency on foreign economic flows, which in turn stimulates luxury consumption, and the squandering of a country's surplus by privileged elites. Top down economic planning, artificial 'institution building' and distorted development do not involve Third World peoples in the process of change. This type of 'development' leaves the majority of the people with no real power over their lives or their country's destiny. Only an indigenous revolutionary process in the Third World stands a chance of reorganizing poor economies and breaking the chains of economic dependency.

The mechanisms of AID and other instruments of foreign intervention are part of the apparatus ranged against revolutionary change which might threaten to nationalise foreign interests so as to redistribute power and wealth to the people.

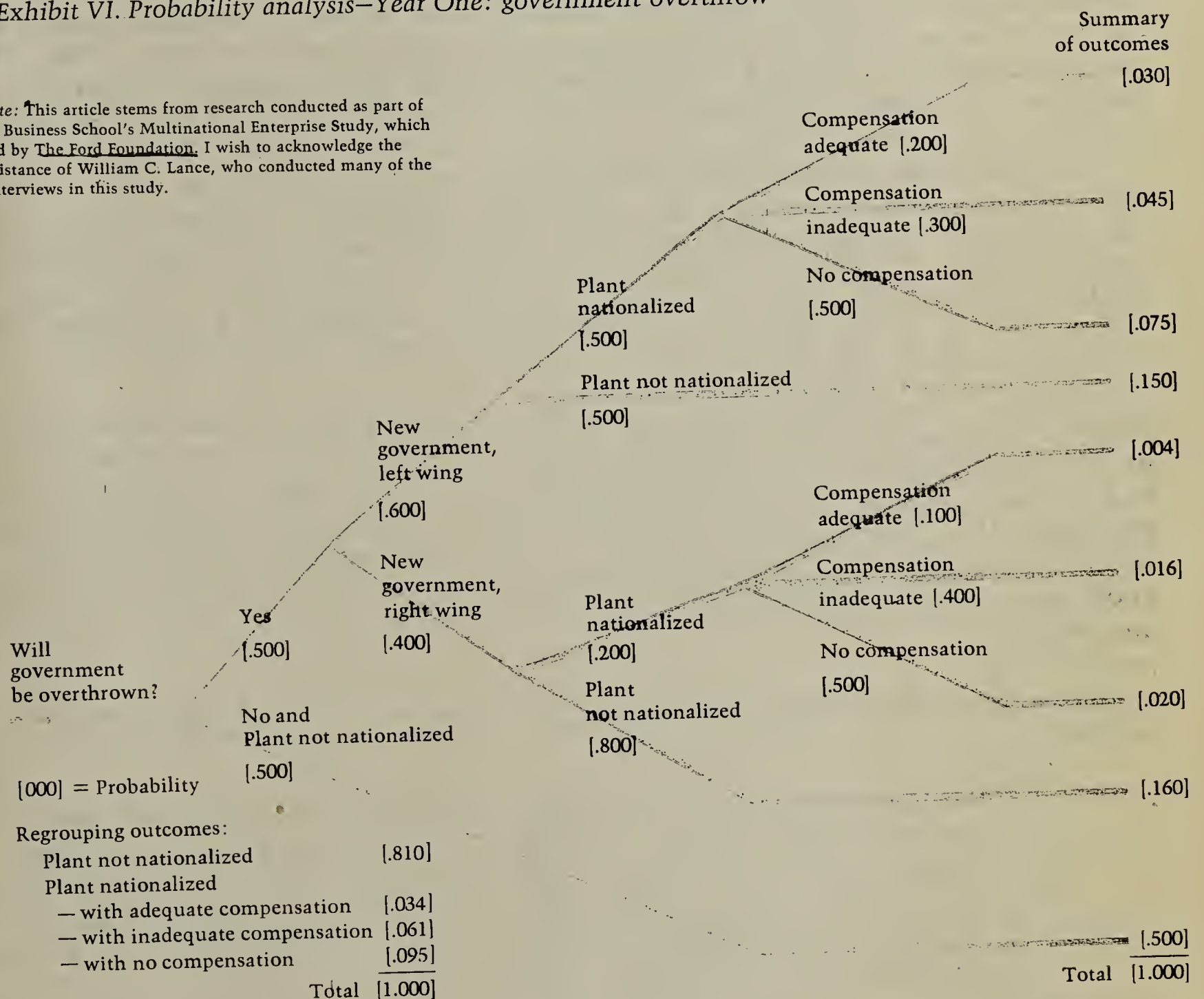
WHAT ARE YOU GOING TO DO ABOUT IT?

How to analyze foreign investment climates

Four techniques for dealing with tricky questions of economic and political stability

Exhibit VI. Probability analysis—Year One: government overthrow

Author's note: This article stems from research conducted as part of the Harvard Business School's Multinational Enterprise Study, which was financed by The Ford Foundation. I wish to acknowledge the valuable assistance of William C. Lance, who conducted many of the executive interviews in this study.



As a criterion for deciding what countries to invest in, "investment climate" is very important in the minds of U.S.-based managers of multinational organizations. But, for lack of a common basis for evaluating investment climates, many companies base their investment decisions on a combination of inadequate information, intuition, and vested interest. As a result, many good opportunities are overlooked. In this article, which stems from a study of 40 international companies, the author discusses four types

of investment-climate analysis and shows why many companies are now moving to the more sophisticated procedures.

Mr. Stobaugh, who is the author of "Where in the World Should We Put That Plant?" (HBR January-February 1969), is Lecturer on Business Administration at the Harvard Business School. He served with Monsanto, the Caltex Oil group, and Standard Oil (N.J.); and has worked overseas for many years in South America, the Middle East, and Europe.

Selling Aid to the Congress Climbing Jacob's Ladder

Javits manages the U.S. Congress on behalf of his friends (Emilio Collado, George Moore, David Rockefeller) and their internationally oriented corporation. A press release from his own office states that "since 1958, Senator Javits has introduced and advocated legislation designed to make use of private enterprise techniques, talent and capital in restructuring the U.S. foreign assistance program." His legislative offensives on behalf of the multi-national corporations have included amendments to the Foreign Assistance Acts of 1963, '66, '68 and '69 which created the committees, that excreted the reports, which outlined the plan, that was sold to the Congress on behalf of the Man.

Javits has further been charged by his friends, the corporate elite, to organize support among the liberals and party stalwarts in Congress. In so doing, he has managed to win backing from corporate liberals like Hubert Humphrey, Chuck Percy and Warren Magnuson; party men like Hugh Scott, Jack Miller, and even former dissenters like Morse and Gruening, as co-sponsors to one or more of the above amendments.

While Jacob Javits may appear to be an unregistered Washington agent for the liberal corporate elite, he would certainly insist that he is his own man. His initial concept of the ADELA-OPIC strategy comes not only from the sixteenth floor of One Chase Manhattan Plaza but also from a book by his brother and law partner. In his book aptly entitled Peace by Investment, Benjamin Javits sets forth the theoretical kernel for the strategy of multi-lateral Third World investment.

He also provides the anticipated critique as a (self-inscribed) caveat:

To be sure, this whole approach will be denounced as streamlined 'dollar diplomacy' by the Stalinist psychopaths of the Communist Daily Worker, echoing Pravda and Izvestia. It will be denounced as 'imperialism,' as an attempt to transform other nations into appendages of the American body politic. (page 6)

Javits played a major role in the formation of ADELA, whose function, while claiming primary concern for Latin American, is to "bring Europe and other capital-exporting areas more strongly into partnership with the United States in regard to Latin America."

Javits has sought to make sure that OPIC will continue to insure ventures made by ADELA and PICA, and eventually offer funds for its own expansion and for the rationalization of regional markets in the Third World.

Multilateralism

The Highest Stage of Dependency

One major theme runs through all the reports advocating a recycling of aid policy for the 1970s: the idea of multilateralism. At first glance it appears to be an appealing new format for aid weary developers of the sixties whose credibility was dissolved by the Vietnam war. Many of the strongest opponents of the Vietnam war have become outspoken supporters of the idea. The irony of multilateralism is that it creates an aura of rationalization when the capitalist system is reaching a crisis point. For that reason we must seek to understand the explicit political strategy it implies.

Multilateralism is designed to mediate three sets of political relations within the world capitalist system. The first of these is the relation of the United States with its allies in the so-called Free World--the NATO powers plus Japan. The conflicts within this sphere--which have produced two World Wars--not only present a serious threat to the supremacy of the United States but also to the survival of capitalism on a world scale. The second major function assigned to multilateralism by the corporate liberals is the neutralization of nationalist tendencies both in Third World countries and in the capitalist world. The sudden wave of internationalism being promoted by the multilateral men is even aimed at countering na-

tionalism within the United States itself. This is the third area where multilateralism serves an explicit political purpose. Just as the nationalization of an American plant abroad represents a threat to corporate America, so the smouldering currents of black nationalism and isolationist sentiments now present a serious obstacle to expansion.

One way to grasp the meaning of multilateralism is to redefine the title of the Pearson Report which was called Partners in Development. Like all slogans it contains a kernel of truth wrapped inside an otherwise uninspiring cliché. The report lamely attempts to argue that what is needed for the 1970s is a partnership between the developed and the underdeveloped. What becomes evident after reading the report is that the "Partners in Development" are not the haves and the have-nots but rather the developed countries--the capitalist powers which the United States is seeking to unify in the face of growing contradictions both within the system and outside. Under these circumstance the Third World countries are being invited to become "partners" in their own oppression.

This collusive aspect was spelled out more honestly by the business elites themselves in the first executive report of ADELA, a multinational finance company set up in 1964 to coordinate investment from the developed countries into Latin America: "A

central concept in the ADELA initiative has been the need to bring Europe and other capital exporting areas more strongly into partnership with the United States."

Throughout the 1960s many developing countries played effectively upon the rivalries between the capitalist countries competing through bilateral aid programs for new markets. By playing the big powers off against each other, they were able to maximize their weak bargaining power. This process often worked out unfavorably for American corporations which found it difficult to compete with the faster growing European and Japanese companies in Third World markets. Multilateralism reflects the desire of American business to stabilize the situation by creating a kind of aid cartel among the capitalist powers.

Through this type of "partnership" the developing country can be isolated and its bargaining power vis à vis the capitalist world greatly weakened. David A. Baldwin makes the argument quite cogently in his article "Foreign Aid, Intervention and Influence," published by the prestigious Princeton publication World Politics:

"The centralization of coordination that would undoubtedly accompany a massive shift to multilateral aid would make intervention by the international donor much easier than it is now for an individual donor nation. If the World Bank, for example, were the only major source of development aid, its bargaining power vis à vis borrowers would be enormously strengthened." This helps to clarify what is meant by the notion of "strengthening the international machinery."

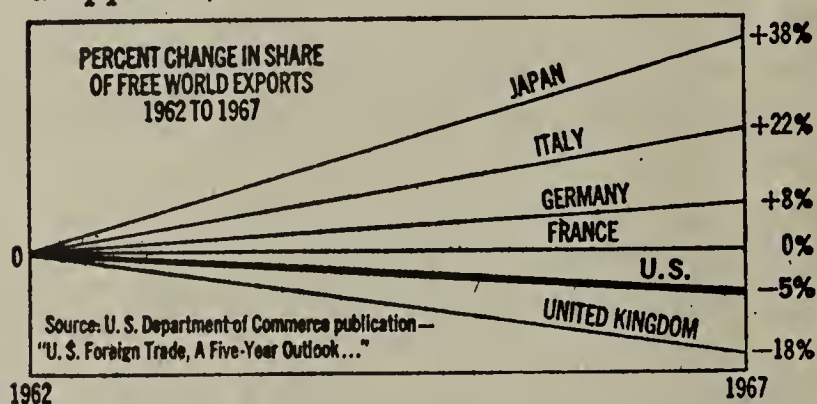
These measures aimed at rein-

forcing American domination with- in the developed world are a response to the rising economic power of Japan and West Germany. The chart below showing the declining share of U.S. exports in world markets gives an idea of how the trends look. 28% of Japan's foreign investments are

What's wrong?

Although U.S. exports did rise 46% between 1962 and 1967, Japan, Italy, West Germany and France outgained us.

Our *share* of the world's export market dropped 5%.



in Latin America compared to only 19% for Southeast Asia. The sharpening balance of payments problems arising out of this competition have already brought the NATO powers to a crisis point on key issues like monetary policy and the financing of military operations overseas. The future will see these conflicting interests fought out in the prize Third World markets. The desire of international business to curb nationalistic tendencies in the Third World requires first controlling these same forces among the industrial nations.

Japan is a case in point. Now the third largest industrial power behind the U.S. and the USSR, Japan has enjoyed U.S. military protection while resisting American economic penetration. The country's phenomenal growth has been achieved through the

maintenance of strict quotas on imports and tight restrictions on U.S. investment. The Japanese are now being given greater responsibility for managing the Pacific area in return for a softening of their protectionist policies. The incorporation of Japan into the American empire means an increased aid bill--the new appropriation announced this month is \$1.4 billion making Japan the second largest donor in the world after the U.S. Most of the aid will go to Southeast Asian nations and Finance Minister Takeo Fukuda has indicated that it will be channelled through the World Bank and the Asian Development Bank--to minimize friction.

Regionalism is being promoted as a counterpart to multilateral aid in order to neutralize negative nationalism at all levels. While the rival capitalist powers are being asked to coordinate their roles by sharing the costs of running the empire, the have nots are instructed to cooperate by managing their own exploitation. Regional institutions provide the international middle class with a suitable niche in the corporate hierarchy and a touristic life-style based on plane trips to and from the regional capital.

What really strikes fear into the hearts and minds of international businessmen is the identification of alienated youth with revolutionary national movements in the Third World. At this level potent solutions are being prepared along multilateral lines but with a military message instead of rationalizations. All the policies buttressing the multilateral approach from the green revolution to family planning are ultimately aimed at suppressing revolutionary alternatives on

all fronts. The sophistication of these techniques and their multiple applications at various levels of the political spectrum is revealed clearly by the arrangements being made by U.S. policymakers to use UN machinery for counterinsurgency purposes.

The political function of multilateralism on the homefront is to strengthen the hand of executive power over international aid policy by insulating decision-making from Congressional authority. The logic of the strategy is spelled out by top corporate liberal strategists like McGeorge Bundy who maintain that the Vietnam debacle was a result of the President having too little authority rather than too much. Oddly enough many people who criticized President Johnson for letting foreign policy slip out of Congress's control are now among the most vigorous supporters for political sterilization of aid policy--that is, insulating it effectively from public opinion.



Multilateral Militarism

The step up in U.S. efforts to train and equip effective military establishments throughout the world has been complimented by an attempt on the part of more sophisticated strategists to develop multilateral military institutions to "stabilize" the developmental process. Central to this thrust is an evolving effort to expand and develop a permanent UN "peacekeeping" force.

At present the UN's peacekeeping force has a limited capability and record undermined by political impotence. Nevertheless, the UN still retains an international moral credibility; moreover, its various peacekeeping forces and observation missions in the Middle East and the Congo have served to advance American policy objectives in those areas. In the case of the Congo particularly, according to then Irish Diplomat Conor Cruise O'Brien, in his book Katanga and Back, the UN operation helped topple the Lumumba government and stabilize an American backed regime.

As part of the larger overall strategy of reorganizing the UN Development Program as a tool of imperialism, U.S. experts have been shaping proposals and rallying support for a UN military force which can play a larger role in avoiding, pacifying and controlling conflicts in the developing world. A number of American agencies, including the Defense Department and the Arms Control Agency have sponsored research into complex organizational problems associated with tooling up a mil-

itary component of the new international machinery of domination.

In May 1968, the U.S. Department of Defense sponsored an off-the-record conference on the Prospects for International Peacekeeping at Saranac Lake, New York. The meeting, which brought together about 30 government officials and academic specialists, heard reports about the present and potential effectiveness of international peacekeeping, its political viability, and how the U.S. might use this approach to advance its own interests.*

One of the reports which emerged after this "Report From Iron Mountain" type conference, was a ninety-five page study on "The United States and UN Peacekeeping: A View Towards the Seventies," prepared by the staff of the Browne and Shaw International Studies Division (formerly the Bolt, Berane and Newman consulting firm of Waltham, Mass.) the report was submitted to the Office of the Assistant Secretary of Defense for International Security Affairs. Although its specific recommendations remain secret, its reasoning was set forth quite clearly:

Strong and increasing domestic and international constraints against U.S. unilateral intervention have appeared just as UN peacekeeping reaches a critical juncture in its development. Therefore, the time is appropriate for a renewed U.S. effort to strengthen and sup-

The United States and UN Peacekeeping:

A View Toward the 1970s

November 1968

Prepared for the Office of the
Assistant Secretary of Defense,
International Security Affairs,
under Contract DAHC-15-67-C-0266

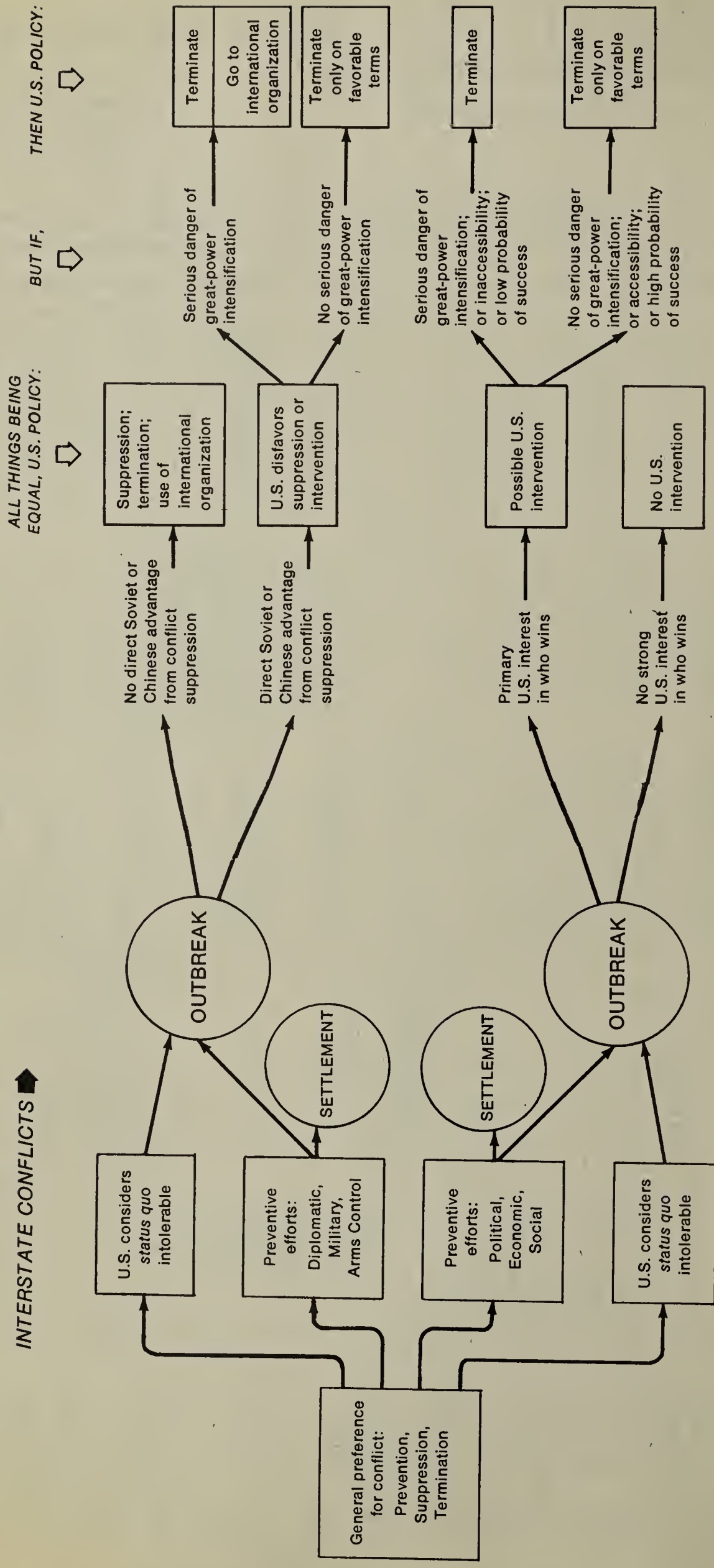
Table 1

NEEDS OF UN PEACEKEEPING FORCES

ELEMENTS OF PEACEKEEPING FUNCTIONS	CATEGORIES OF PROBLEMS				
	Group 1	Group 2	Group 3	Group 4	Group 5
	POLITICAL GUIDANCE	INTERNATIONAL AGREEMENTS	ADVANCE PLANNING	MANAGEMENT IMPROVEMENTS	FIELD IMPLEMENTATION
1. Authorization	Avoid denial or delay	Specify detailed mission	Calculate basic strategic factors: relate means to ends, values to risks, costs to effectiveness	Review organization and methods to clarify responsibility	
2. International Agreements		Select impartial units Make timely arrangements	Provide adequate guidance (planning factors)	Establish logistic support understandings	
3. UN Secretariat Staff	Authorize Military Advisory Staff to do advance planning or doctrinal research	Provide trained staff personnel	Assign adequate military staff, including civilians, with clear responsibilities for planning.	Learn modern staff methods, management concepts, and exploit technology.	Exploit modern technology for peacekeeping purposes.
4. Command and Control	Clarify PKF mission, methods, and role of Secretary-General	Interpret mission guidance	Share Secretary-General's overload, assist in strategic direction.	Provide assistants; clarify lines of command and liaison	Assure full control of national units and individuals
5. Financing	Liquidate deficit. Agree on future alternative financing	Specify payment arrange- ments	Delineate budget and program	Equalize field pay and perquisites	Cover emergency shortages by local purchase
6. Raising Forces		Provide prior assurance of adequacy and availability, and firm rules of engage- ment and force design.	Need comprehensive coordinated plan for typical structure for forces		
7. Design of Field Forces	Bolt Beranek and Newman Inc. 12 Woerd Avenue Waltham, Massachusetts 02154 Telephone (617) 893-4900	Agree on basic organization and control principles	Prepare clear doctrinal manuals, strategy, and planning data re options and strengths	Standardize requirements; organization, equipment, maintenance, supply, personnel, welfare, and rotation.	Prepare SOP's, loading tables, movement and logistic orders; Language capability.
8. Logistic Support		Agree on principles	Prepare master logistic support plan: for procurement and distribution	Tighten procedures for logistic control and coordina- tion, provide specialists, assure timely availability, transportation, and mainte- nance. Reduce number and complexity of different items.	Standardize logistic planning: depot maintenance, spare parts, records and requirements.
9. Training		Provide UN facilities, at least doctrine and standards. Coordinate national efforts - integrate where possible.	Develop programs.	Provide coordination, and inspection	Feed back information, further develop standards.
10. Communications		Agree on equipment and procedures	Standardize language. Provide for communication security	Standardize procedures. Provide for equipment, cryptography	Train on equipment and procedures. Reduce dependence on written documents.
11. Information Handling	Agree on needs, scope of methods, and third party contributions	Agree on capabilities to be provided	Establish requirements, expert advice on planning needs. Collect basic data needed.	Establish info-handling machinery; Declassify where possible, coordinate all info handling, include psychological (anti- propaganda) analysis, and news and security systems.	Establish central control over info handling and reporting; incl. CI, psychological, and public and troop info. Declassify whenever possible.
12. Operations	Agree on permissible use of force. Prescribe police powers	Arrange for freedom of move- ment in host country. Provide for enforcement of discipline.	Plan psychological campaign strategy, deterrence. Maintain current data.	Improve technical efficiency in responding to requirements	Provide mobility, technical efficiency, intelligence, neutrality in action, full staff
13. Withdrawal	Agree on circumstances.	Make binding agreements with host & contributing countries re circumstances and timing	Plan for withdrawal con- tingencies	Arrange necessary details	Provide speedy withdrawal and security.

CONTROLLING SMALL WARS: A Strategy for the 1970's

Model of U.S. Policy Preferences and Activities Toward Local Conflicts Outside Europe



port UN peacekeeping. This report outlines the problems connected with exploiting the existing UN machinery and offers details on how a peacekeeping force might best be run. Readers concerned with setting up such a force might consult the chart on another page for details.

Another, and more ambitious, outline for a new U.S. military strategy towards third world conflicts in the seventies was financed, somewhat more openly by the Arms Control and Disarmament Agency. In Controlling Small Wars: A Strategy for the 1970's (Alfred A. Knopf, 1969), MIT mandarins Lincoln Bloomfield and Amelia C. Leiss seek to provide "an alternative policy of U.S. involvement that is primarily non-military, a policy that would aim at preventing local conflicts, at minimizing violence if hostilities occur, and above all at avoiding great power clashes." In their view:

The 1970's call for an alternative strategy to unilateral military intervention. Intervention still may be necessary when vital interests are threatened. But the peace--and U.S. national interests--may be better served at most times by a purposeful strategy of conflict control. The prime aim of this strategy would be neither to win nor to guide local conflicts; it would be to prevent, contain, or terminate them. It would seek, in short, to make them less threatening to regional and world peace by applying American brains, energy and resources to the minimizing of violence by purposeful action.

The Bloomfield-Leiss strategy includes revolutions and guerilla uprisings among the conflicts the U.S. must control in the seventies. It offers, however, a sophisticated overview of how U.S. military objectives might be achieved with less entanglement and greater effectiveness. They hope that their careful studies will guide U.S. policymakers against overreacting to conflict as well as the possibilities of playing a more subtle role. The "flow chart" shows where their expertise leads them.

All of these formulas reflect the obvious dilemma confronting the corporate liberals: they would prefer not to have to use military force to achieve their objectives, but recognize the potential power of organized popular movements dedicated to stopping them and revolutionizing their societies. Consequently, they must continue to search for ways to promote 'law and order' internationally. This explains why the ever-so-liberal Rockefeller mission to Latin America reluctantly concluded that the U.S. must back military dictatorships.

"In the aftermath of the Vietnam war," fears Waldemer Nielson of the African-American Institute, "it will be all too easy for many to conclude that because the United States cannot be policemen everywhere in the world, it should not be a policeman anywhere; and that the best contribution the U.S. can make to peace is withdraw its influence from every danger spot." Nielson thinks this trend of thought is absurd as do 'virtually all corporate leaders and their internationally minded 'experts.'

The World Bank Does Not Belong to the World

The World Bank is now emerging as the pivotal institution for coordinating the expansion of American capitalism in the world economy--particularly vis a vis the Third World. Like the other so-called multilateral agencies being primed for the 1970's, its leadership role was carefully planned by corporate liberals as the traumatic first decade of development took shape.

The International Bank for Reconstruction and Development, commonly known as the World Bank, is the largest and most important of the international agencies financing foreign investment. Established in 1946 to help finance European recovery it is now supported by 107 member nations and makes loans to member governments and private development finance enterprises for major development projects. Through its affiliate the International Development Association it makes loans on "soft" terms to governments. Another affiliate, the International Finance Corporation, finances private enterprise in developing countries. The Bank itself raises funds through the sale of bonds to private investors and also helps to organize consortia and consultative groups to coordinate debt payments and technical assistance programs of member countries.

The broad outlines of the new policy for strengthening the Bank's role in development were first drawn up systematically in the still secret

Korry Report submitted to President Lyndon Johnson in August 1966. Since the Korry proposals have never been made public there has understandably been some confusion about the origins of these new policies. The Korry Report's significance is reflected in Waldemar A. Nielson's recent book The Great Powers & Africa: "In May 1966, after harrowing difficulties with Congress in connection with the aid bill, President Johnson asked Edward Korry, then his Ambassador to Ethiopia, to lead a group to re-examine and make recommendations for a thorough overhauling of the African aspect of the program."

The Korry report's policy recommendations were far more explicit than even Waldemar Nielson's remarks would have us believe. Beneath the fanfare about "regionalism" and "multilateralism" were three basic proposals which are now emerging as pseudo-technocratic recommendations from benign international panels like the Pearson Commission and the Jackson Report. Korry put it bluntly: the World Bank should assume a greater leadership role, the UN development system should be strengthened and regional financial institutions should be bolstered up.

Perhaps one reason the Congress rejected the new guidelines in 1967 and 1968 was the manner in which they were formulated. By then there was real suspicion vis a vis such Tonkin Bay approvals of policy originating in the

executive branch. Nielson reflects the liberal pique at Congress's refusal to go along with Korry's proposals. "The fate which has befallen the American aid program is only the most manifest symptom of a general condition of American discouragement and confusion about its responsibilities of world leadership in the latter half of the twentieth century.

There could be no more fitting commentary on the continuity of the Tonkin Bay and Korry policies than the promotion of Robert S. McNamara from the Vietnam battlefield to the vaults of the World Bank. The body counts have simply been replaced by interest rates and counter-insurgency by population control. One should not be obsessed with personalities like McNamara when analyzing the machinery of capitalism, but he is more of an organization than a man so it may be appropriate to comment briefly on his role in the evolution of corporate strategy.

Vietnam was the testing ground for the managerial values which McNamara's cost effectiveness approach brought to the conduct of war against the havenots. The key to his philosophy of development lies in the attempt to rationalize the systematic destruction of an entire country. There is an ugly irony now in McNamara's campaign to win support for an expansion of American involvement in the Third World despite his experience in Vietnam. One must question the sanity of men like McNamara and David Lilienthal who can speak of the opportunities for agribusiness in a country devastated by chemical warfare. The great danger of their current

campaign to resell the public on expansion is that it consciously appeals to the sense of powerlessness people feel in the face of devastation being wrought in Vietnam.

McNamara's first major speech to the World Bank's Board of Governors, keynoted the latest efforts by corporate liberals to recuperate the public support for expansion which they had lost in Vietnam. With the economies of Taiwan and Korea booming as a result of the Vietnam war it is not surprising that they should rebound toward Africa. "It is in Africa, just coming to the threshold of major investment for development," said McNamara, "where the greatest expansion of our activities should take place." This corresponds precisely to the emphasis reflected in President Johnson's decision to make Africa the setting for Ambassador Korry's reappraisal of policy at the height of the Vietnam escalation.

The now famous projections of a threefold increase in the Bank's rate of investment in Africa should be measured not only against the standard of Vietnam but also the Bank's own record in Africa itself. Between 1946 and April 30, 1968, the country which received the largest amount of World Bank loans and credits was South Africa (see chart below). These funds have helped to stabilize an overtly racist government and maintain a suitable "investment climate" for American companies with over one billion dollars invested there now.

Those who may begin to wonder about the accountability of multilateral aid under such circumstances

What is International Capitalism?

Big business in the United States prides itself on its international outlook. While the entire history of capitalism has been one of international raw materials, and cheap supplies of labor -- the period since World War II in particular has seen an extremely rapid growth of U.S. overseas investment and trade. In the period 1946 to 1967 the value of U.S. foreign investment increased from \$7.2 billion to \$59.3 billion and the volume of foreign trade has almost tripled.

The ownership of these overseas investments is highly concentrated among the largest firms. In 1966 sixteen firms, all among the top thirty by the Fortune magazine listing, received over half of all profits returned to the U.S. from foreign investments. With the advances in transportation and communications, however, more and more U.S. firms are going international", and at least 11% of the profits earned in the corporate sector derive from foreign investments. Perhaps more important, foreign profits are growing much faster than domestic profits.

These operations need to be protected. Indeed, for the system to continue its successful expansion, opportunities for growth must be preserved. U.S. foreign policy serves this function. Major threats to U.S. investments have brought armed intervention -- Iran, Guatemala, Cuba, for example -- as have threats to areas of possible expansion -- Vietnam

and the Dominican Republic. In other cases, more indirect means have served to eliminate or prevent from coming to power governments which would likely place limits on the "freedom" of U.S. business -- Brazil, the Congo. Portuguese-occupied Africa are cases in point.

The system by which the U.S. attempts to maintain hegemony in the Third World -- a system best described by the term Imperialism -- employs the carrot as well as the Marines. The Peace Corps, government aid programs, and the World Bank are examples of the carrot operations of U.S. Imperialism.

International capitalism requires stability. Businesses must, first, be assured that their investments will not be nationalized, and, second, be able to protect the course of the economy in order to plan production. Thus rapid and radical social change must be ruled out.

International capitalism means a market system of determining income distribution in poor countries. In those countries labor is abundant in supply relative to capital (i.e., a reserve army exists), and ownership of capital (the means of production) is highly concentrated. Therefore, a market system insures a highly unequal distribution of income.

International capitalism inhibits the development of an indigenous, dynamic industrial bourgeoisie in poor countries. The large

corporations based in advanced capitalist countries secure the most desirable investments, repatriate profits to the home country, tie the local middle classes to foreign interests, and tie the economy in general to their own priorities. Thus even a capitalist road to development is closed.

International capitalism means that socialism is an anathema.

Thus, left organizations are ruthlessly suppressed. Reactionary governments are supported in preference to any "left leaning" or "liberal" regime, and even the introduction of minimal social reforms tends to be prevented.

In short, the maintenance of a smoothly functioning system for international capitalism -- that is, for imperialism -- results in the continued misery of the masses.

If Africa, Asia and South America go communist, don't blame him.

Karl Marx is not responsible for famines in Asia or epidemics in Africa. It's not his fault that the average South American earns 75c a day.

All he did was predict the consequences.

That a population living in misery will turn to communism as a way out. Unless something is done to alleviate these conditions.

But the countries themselves don't have the economic resources to make these changes. The U. N. doesn't. Even the United States doesn't.

They need the help of world industry. Particularly U.S. industry.

Industry is in an ideal position to do this. It can deal directly with the people of a country. It can change their lives in a way no government can.

A small case in point: in 1958, Olinkraft, a subsidiary of Olin, bought a paper mill in Igaras, a small town in the remote interior of Brazil.

Igaras was the kind of town on which communism thrives -- a declining mill, no doctors, shoeless children, men working an 84-hour week, etc.

It wasn't hard to increase the production of the mill eightfold, to lower hours and raise wages, to reforest the woodlands -- but that wasn't enough.

We hired a doctor, nurses, teachers; expanded the school; built a dispensary, a clubhouse; provided free medical and dental care (and medicines at cost to non-employees); financed housing loans and helped set up a cooperative store.

And then the people joined in. They rebuilt their own homes, paid for their own teachers, built and operated their own store and, in effect, revitalized the whole town.

But the people weren't the only ones to benefit. Olinkraft did well enough from the mill to start an extensive expansion program.

Igaras, of course, is only one town. But Olin is only one company. Imagine this kind of success multiplied by tens of thousands of companies and towns all over Africa, Asia and South America.

The deeds of industry may well be as important as the gospel of democracy **Olin**

If their products can be sold, reason the companies, why not their politics. These ads drip with the same slick phraseology that merchandises lipstick and cyclamated sodas. They are just as deceptive.

STATEMENT OF WORLD BANK AND INTERNATIONAL DEVELOPMENT ASSOCIATION LOANS AND CREDITS TO AFRICA—1946/47 TO 1967/68 (AS OF APRIL 30, 1968)

	Bank loans			IDA credits	
	Number	Net amount	Net amount less sales and repayments	Number	Net amount
AFRICA					
Algeria.....	3	\$80,500,000	\$27,803,000		
Botswana.....				1	\$3,600,000
Burundi.....	1	4,800,000	1,820,000	1	1,100,000
Cameroon.....	1	7,000,000	7,000,000	2	11,550,000
Congo (Brazzaville).....	1	30,000,000	30,000,000		
Congo (Democratic Republic).....	5	91,582,854	32,537,346		
Ethiopia.....	9	70,200,000	55,110,340	3	28,400,000
Gabon.....	2	47,000,000	16,116,200		
Ghana.....	1	47,000,000	46,331,000		
Guinea.....	1	1,700,000	1,700,000		
Ivory Coast.....	1	7,091,517			
Kenya.....	5	85,200,000	55,938,974	6	26,200,000
Lesotho.....				1	4,100,000
Liberia.....	2	4,250,000	3,950,000		
Malagasy Republic.....	1	4,800,000	4,800,000	1	10,000,000
Malawi.....				5	27,500,000
Mali.....				1	9,100,000
Mauritania.....	1	66,000,000	2,645,100	1	6,700,000
Mauritius.....	1	6,973,119	2,022,520		
Morocco.....	4	59,749,041	55,803,620	1	11,000,000
Niger.....				1	1,500,000
Nigeria.....	6	185,500,000	170,443,094	2	35,500,000
Rhodesia.....	3	86,950,000	34,174,426		
Senegal.....	1	4,000,000	3,755,339	1	9,000,000
Sierra Leone.....	1	3,800,000	3,460,000		
Somalia.....				1	6,200,000
South Africa.....	11	241,800,000	26,767,294		
Sudan.....	5	129,000,000	113,781,000	1	13,000,000
Swaziland.....	2	6,950,000	4,790,000	1	2,800,000
Tanzania.....	1	5,200,000	5,110,000	4	26,600,000
Tunisia.....	4	33,985,481	33,024,373	3	23,862,538
Uganda.....	1	8,400,000	84,464	3	18,400,000
United Arab Republic.....	1	55,500,000	33,530,000		
Upper Volta.....					
Zambia.....	4	84,850,000	44,741,478		
Total.....	79	1,460,782,062	818,259,628	40	276,112,598

should be made aware that the World Bank is the epitome of the type of parastatal organization being set up expressly to give greater flexibility to financial policy and insulate it from political controls — at least from Congress. This is being promoted as its virtue through the pronouncements of the Pearson Commission and other advertisements identifying the World Bank with the UN system as international public servants. Though the World Bank does submit an annual report to the United Nations, it is autonomous and its main responsibility is to the principal subscribers. Twenty-eight percent of its 23 billion dollars in subscribed capital comes from the United States and American financial institutions buy up the largest share of its bonds. The United States maintains its effective control through a 25% voting share and an unwritten agreement that the Bank's Presidency always goes to an American. The developing countries in whose name its funding is being promoted control only 35% of the voting shares. McNamara's token internationalism is typified by his pledge to ensure "the widest possible distribution of nationalities of our staff."

The World Bank itself is a product of World War II and the hegemony of the United States which that conflict clearly established. Like many of the proponents of development these days the World Bank's interventionist attitude can be traced back to the Marshall Plan period when massive aid was administered to Europe to facilitate American penetration and re-establish the power of weak colonial powers. The real power relations mediated through the Bank are those between the United States

and its allies. This was implicit in McNamara's reminder to his Board of Governors that "the balance of payments difficulty is a problem among the rich countries and not of balance between those countries as a group and the rest of the world—very little of the money lent in aid stays in the developing countries, almost all of it returns quickly in payment for the goods purchased in the richer countries."

This collusion among the rich nations is expressed blatantly in the Consultative Groups sponsor-

ed by the World Bank to coordinate the technical assistance and debt payments to creditor nations.

Countries like Ghana and Indonesia have been led to believe the re-scheduling of their debts by Consultative Groups amounted to an act of leniency. The real degradation of financial relations between the World Bank and the developing countries is evident now in the fact that the "soft loans" provided from the Bank's affiliate, the International Development Association (IDA) are increasingly being used to service the external debts.

The U.N. Family Becomes a System

The UN Family Becomes a System

Despite its episodic involvement in international crises--like the Congo and Middle East affairs--and its manipulation by big powers, the United Nations has developed a remarkably benign image in the public's eye during the post war period. Some twenty-five years of long-winded debates and resolutions on record at the General Assembly have largely been ignored by the big powers calling the shots in the Security Council. The Secretariat and sprawling complex of specialized agencies resemble beehives whose honey is the printed word--millions of them reproduced annually in voluminous and mostly unreadable reports. Neither side of the UN activities has produced much perceptible change in the environment. While the

United States has repeatedly chosen to disregard exhortations from the political forum at the General Assembly, there appears to be a new interest in the administrative side where a reorganization of the technical assistance programs is currently taking place. What the international corps of public servants used to call the UN family of agencies is now known officially as the UN development system. The UN's neutral image, based to a large extent on its ineffectual history, is now coming in handy to cover the tracks of the managerial elites and even serve as a tool of interventionism.

The World Bank's ascendancy under McNamara's leadership has been paralleled by a major reorganization of the UN agencies administering its program of multilateral assistance.

The key recommendations are contained in a 600 page report by Sir Robert Jackson which has already become a collector's item since it was apparently suppressed shortly after its publication. Though press releases appeared in various UN publications announcing its availability to the public all copies were mysteriously sold out almost immediately. The public was left only with publicity blurbs while the Third World countries' position was summarized aptly by the New York Times: "Many of the low income countries have had little time to absorb the complex study..."

Commissioned by the United Nations Development Program and costing \$500,000, the Jackson Report is a strategic document for the 1970's. The title alone gives the world a hint of what's to come: "A Study of the Capacity of the UN Development System." The report outlines the structural reorganization necessary to accommodate the expansion forecast by McNamara at the World Bank and awaited eagerly by his colleagues in the business world. Strengthening the machinery for international development goes hand in hand with the integration of multilateral institutions into the world hierarchy of the corporations.

Sir Robert, a tall and rather jaunty Australian who's well plugged in to the American business scene, compares his present task to his days with the Middle East Supply center during World War II: "It's the same thing we were doing then, maximizing resources."

There are some who would speculate now that Washington has indeed finally made the Korry Report public--only under the pseudonym of

Jackson. Sir Robert's basic recommendations that the UNDP be given a clear managerial control over the specialized agencies and that it adopt a "country approach" by giving greater authority to the UNDP Resident Representative appear to be taken almost verbatim from Korry's earlier proposals. A summary of the latter obtained in Washington reads as follows:

To create a more effective and integrated management system of UN agencies concerned with development in Africa, UN Resident Representatives should be responsible for coordinating the totality of cooperation activities of the UN system in their countries of assignment as well as dealing with the representatives of nations conducting bilateral technical cooperation programs. The U.S. should also support action to have the UNDP play a leadership role in coordinating the work of UN specialized agencies, particularly in sub-regional development schemes.

Jackson's widely publicized "country approach" is being sold as a decentralization of power within the system beneficial to the have-nots. Actually, it masks an overall centralization of command under the UNDP headquarters. The process is described euphemistically as a "simplification of decision making." The extension of the Resident Representative's powers horizontally at the country level corresponds to a tightening of control vertically through the hierarchy of the UNDP itself.

The real issue is not the coordination of specialized agencies but rather a relatively unpublicized alteration of the procedure affecting the relation of private industry to

the UN development system. In the past UNDP projects could be formally initiated only by countries which submitted proposals to the UNDP for approval. The latter then assigned the projects to one or more of the specialized agencies for execution. For almost two years now the UNDP has been quietly working with the Food and Agriculture Organization (FAO) to establish a new procedure whereby private companies could directly initiate projects. This arrangement already exists and was formally instituted in 1968 with the creation of the FAO-Industry Cooperative Program.

This program, jointly sponsored by UNDP and FAO, now consists of some 70 large corporations which pay a membership fee of \$2000 annually to have privileged access to the policy-making councils of the UN system. As Dr. A.H. Boerma, Director General of FAO, explained in his address to the Program's annual meeting last year: "Nowhere else in the entire United Nations system has there so far been this kind of direct, systematic link with industrial enterprises."

Among the 70 favored companies are the same U.S. corporations currently in the public's eye in connection with the miracle of agribusiness: Corn Products, Delmonte, Dow Chemical, Caterpillar Tractor et al. Two agribusiness chieftains, H.J. Heinz, retired President of the soup and catchup company, and Charles Dennison, Vice President of the world's largest fertilizer company International Minerals and Chemicals and a key architect of OPIC, are both prime movers in these circles.

Like the World Bank's cartelization of lending through Consultative Groups, the FAO-Industry Cooperative Program affords these companies the advantages which price-fixing and

collusion have always given to big business. Dr. V.H. Umbricht, the Program's Chairman, shows how the procedure erodes the bargaining power of countries negotiating a deal: "One way of countering nationalistic tendencies is for a foreign company to collaborate with other foreign firms active in the same market and to undertake certain projects not by itself but jointly with other foreign companies." This consortia technique further reduces the bargaining power of developing countries which have already lost much of the initiative they once had within the UNDP program. It is still possible, of course, that concerted action by these countries will prevent these techniques from becoming permanent features.

The manifold regional institutions sponsored by the United Nations are also scheduled to play key roles in the multilateral scheme. Regional organizations like the Economic Commission for Africa (ECA) are being transformed from research and technical assistance agencies into brokers for foreign investments responsible for promoting business contacts and carrying out pre-investment surveys. Typical of the new functions are the annual Conferences of Industrialists and Financiers being sponsored by the ECA. Top corporate executives from American business--like William Beatty of Chase Manhattan and Taylor Ostrander of American Metal Climax--have attended these conferences regularly where ECA officials talk of "guaranteed multinational markets" geared to large firms. Such trends, like the other institutional changes in the UN system, are not recent innovations; they began in the mid-sixties with steady pressure from the U.S.



SOME BIG PLAYERS IN THE GLOBAL GAME

Company	Total sales 1967 (\$000)	Number of countries with production facilities	Percent total assets abroad	Percent sales abroad	Percent net income abroad
General Motors	20,026,252	24	15#	14#	7#
Standard Oil (N.J.)	13,266,015	45*	56	68	52
Ford Motor	10,515,700	27*	40	36	92**
Chrysler	6,213,383	18	31#	21#†	N.A.
Mobil Oil	5,771,776	38*	46	N.A.	45
International Business Machines	5,345,291	14	34	30†	32
Gulf Oil	4,202,121	48*	38	N.A.	29
Du Pont (E.I.) de Nemours	3,102,033	16*	12	4	N.A.
International Tel. & Tel.	2,760,572	60	47	47	50
Goodyear Tire & Rubber	2,637,710	35	22	30†	30
International Harvester	2,541,897	18*	21‡	17	10
Caterpillar Tractor	1,472,500	14	25	14	N.A.
Minnesota Mining & Mtg.	1,231,066	24	29	30	29
Singer	1,137,653	28*	58	50†	N.A.
Corn Products	1,072,940	33	47	46	49
Anaconda	1,047,815	9	44	32	57
Colgate-Palmolive	1,025,351	43*	50	55†	N.A.
National Cash Register	955,455	10	41	44	51
Massey-Ferguson	844,764	22*	84	90	N.A.
Heinz (H.J.)	690,863	15	55‡	47	57
Warner-Lambert Pharmaceutical	656,822	47	32	33	33
Pfizer (Chas.)	637,776	32	50	48	52
American Standard	599,807	21*	30	28	39
Abbott Laboratories	303,341	24	27	26	26
U.S.M. Corp.	283,528	25	50	54	57

*Includes unconsolidated affiliates and manufacturing franchises.

†Includes export sales from the U.S.

#Excludes Canada

‡Percent of net assets abroad

**Ford's profits in the U.S. were substantially reduced by the auto strike.

The Issues of Development

What Are the Issues of Development?

As they are defined in establishment conferences or approved reports, they boil down to separate and discrete problems, all somehow solvable with the right combination of resources, intelligence, and managerial know-how. The issues of development as defined by those promoting underdevelopment never quite reflect the issues and needs defined by those struggling for their liberation. Black people confronted in America by a system of institutionalized oppression have no time for the statistical tables which show they are better than their people in South Africa. Young people harassed for their culture and suffocated in schools are unimpressed with the only achievements the corporate elite has presented them: a profit-centered society which finds the logical conclusion of its culture in bombing cockpits over Vietnam or in growing terror of "law and order" on the streets of the cities. Women awakening now to their own subjugation have nothing but hatred for power hungry male supremacists who control the society and their lives as well.

On an international level, these concerns translate themselves into a growing movement of solidarity with those people struggling against an imperialist system that condemns them to bare existence without self-determination on the most basic of levels. When the world's population screams out for the possibility for life, the development experts talk about perfecting programs to control their births. When impoverished but unafraid Bolivians hold barely legible "Gulf Go Home" signs in front of huge foreign refineries, the corporate treasure-hunters concoct new plans to promote even more American investments in the Third World. When the concealed statistics speak of food surpluses in the developed countries, the corporate hucksters brag about a Green Revolution which will feed the hungry while lining the pockets of already wealthy agri-businessmen. While their planes spray chemicals all over South East Asia, Nixon and the loyal crew of bureaucrats who write his speeches speak of leading a movement against the ecological destruction of the planet by self-interested corporations. The issues of the corporations are not the issues of the majority of mankind. Nevertheless, they cannot be simply dismissed on a flood of even more rhetoric. On the next few pages we have our own look at what their issues mean and demonstrate why they must be demystified and re-explained. That is only the first step.

How Green Is My Revolution

There is a good reason why the green revolution is taking place after Vietnam. What most people are being led to believe is a technological breakthrough is really a well-planned campaign to recoup the prestige which the same technology lost in Vietnam. Though their political profiles differ quite drastically, the social effects of the miracle seeds and the B-52's may not be so different. Those who are skeptical of such an assertion should familiarize themselves with the social implications of the green revolution before placing any more faith in it than they would now in the B-52's.

First, to counteract the psychological effects of population explosions and predictions of famine conditions, it should be made crystal clear that hunger today is basically a problem of social relations not productivity. Reports of the world's food glut have steadily undermined the image of scarcity which green revolutionaries were exploiting a few years ago. Now they are taking credit for the surpluses despite the fact the hunger is worsening. The fact that there is no visible food shortage at present makes it increasingly difficult not to recognize that the miracle seed is no answer to the problem of social inequality. Quite the contrary. As we shall show, planting the seed requires unequal social relations and leads to greater insecurity and dependency despite its fantastic productivity.

There is considerable evidence now to show that all the talk of self-sufficiency by the developers is pure bunk. Every indication is that rather than creating self-sufficiency the seeds are designed to produce dependency. No less an authority than Clifton R. Wharton, Jr., newly appointed President of Michigan State University, warns his colleagues in a Foreign Affairs article of the "second generation" problems the seeds are likely to produce. Cash costs for a Filipino rice farmer rise tenfold with the high yielding IR-8 seeds owing to payments for fertilizer, farm machinery and irrigation required in their cultivation. For this reason even the farmers who can afford to use the seeds become highly dependent on off farm inputs, frequently supplied by American agribusiness companies. The Rockefeller Foundation's special report on food production in India tells the whole story in a caption accompanying a picture of women shucking corn: "Hybrid maize seed must be produced by companies with a full-time staff of scientists and assistants. Unlike simple varieties, hybrids must be kept pure: farmers cannot produce their own seeds."

Symptomatic of the farmer's dependency are the new pleas for aid to provide him with enough foreign exchange to purchase his farm supplies. With countries like Japan dumping millions of tons of rice on the Asian market, the farmers using miracle seeds have no export market in which to earn foreign exchange. These

foreign exchange crises are now regarded by agribusiness promoters as the single biggest constraint on their market. "The biggest mistake US agribusiness has made abroad," says Charles Dennison of International Minerals and Chemicals, "was in confusing need with demand." That is why agribusiness interests are now concentrating on organizing the marketing of these crops through aid subsidies to the farmer. One might ask what it means to say a country has become self-sufficient under these circumstances.

Oceans to spare

Need some rice? When this year's crop is in, Japan will have 8 million tons of surplus stocks.

It's trying to give it away, almost. But that's not so easy.

So Japan is shipping another 300,000 tons to South Korea (as it did last year) on ridiculously low 30-year terms.

Experts promoting the seeds also claim that the green revolution is the solution to the exodus from rural areas into the cities. The social effects already evident would seem to suggest just the opposite. While the seeds do create kulaks or wealthy farmers, poor farmers either become laborers for the wealthy farmers or are forced off the land into the cities. Wharton cites an incident pregnant with implications for the future: "Tanjore district in Madras, India, has been one of the prize areas where the new high-yield varieties have been successfully promoted. Yet one day last December, forty-three persons were killed in a clash there between landlords and their landless workers, who felt that they were not receiving their proper share of the increased prosperity brought by the Green Revolution."

Socially the seeds result in the same destruction of traditional rice culture that the bombing has achieved in Vietnam. The logic of this analogy does not seem so inconsistent when you realize that foreign investors desire if not require the urban concentration in order to create dependency.

One of the crudest apologists for the miracle seeds practically marries the bombing to the miracle seeds in his efforts to prove their usefulness in Vietnam. Though his paper attempts to argue that the miracle seeds create employment, Lester R. Brown makes the following observation about their use in the Mekong Delta:

"Despite heavy wartime claims on the labor supply, introduction of the rice has enabled South Vietnam to achieve three consecutive increases in its rice harvest."

The miracle seeds release the manpower which makes Vietnamization possible.

The case for development based on destruction is made even more systematically in a \$2 million two-year study by David Lilienthal on post-war reconstruction in Vietnam. Lilienthal's recently completed study concludes optimistically that Vietnam offers an opportunity for American agribusiness. "By many measures," the report reads, "South Vietnam is in an enviable position in relation to the experience of other countries at the end of a war.... Given peace and stability there can be little doubt that the economy will resume its interrupted development." Interruption, indeed. It has lasted for twenty-five years and despite Lilienthal's business-as-usual attitude, the war has not ended.

Agribusiness as Usual

Like many corporate ideals, the concept of agribusiness is a product of Harvard. Research on the subject began there formally in 1952 and eventually led to a key volume published in 1957 entitled A Concept of Agribusiness by John H. Davis and Ray A. Goldberg. These agro-scholars gave official sanction to the takeover of farm production by the vertically integrated companies in farm supplies, food processing and distribution which had dominated agriculture for 50 years. The concept implies the organization of farm related industries--from fertilizer to breakfast foods--to service America's growing urban mass markets. Many of the companies which succeeded in colonizing America through the supermarket are now looking hungrily at the bulging cities of the Third World.

Since agriculture got its education at Harvard in the late 1950's, the agribusiness idea has passed through successive phases of promotion--at conferences, in the press and among business elites. In May 1966 a conference held as part of the Agribusiness Program for Course Development was attended by top businessmen and government leaders. That same year, money men at Merrill, Lynch, Pierce, Fenner, & Smith, Inc., produced a slick insider's report entitled "Food and the World's Needs," touting some 32 companies most likely to profit from the pending food crisis. "We consider International Minerals and Chemicals to be in an

excellent position to benefit from the projected increase in fertilizer consumption, which should be stimulated by the Food for Freedom program and by the shrinking, if not exhausted, Government food surpluses."

1967 saw the "war on hunger" being escalated in the public's eye and in the business world via a National Convocation on World Hunger--subtitled "An Agenda for American Agribusiness"--which was sponsored by the National Industrial Conference Board. The menu included an impressive array of agri-executives like David Lilienthal and H.J. Heinz II, as well as Richard Nixon. Later that same year the Agribusiness Council, a prototype for the Overseas Development Council, was established to coordinate the promotional activities and expand the facilities for searching out investment projects in the Third World.

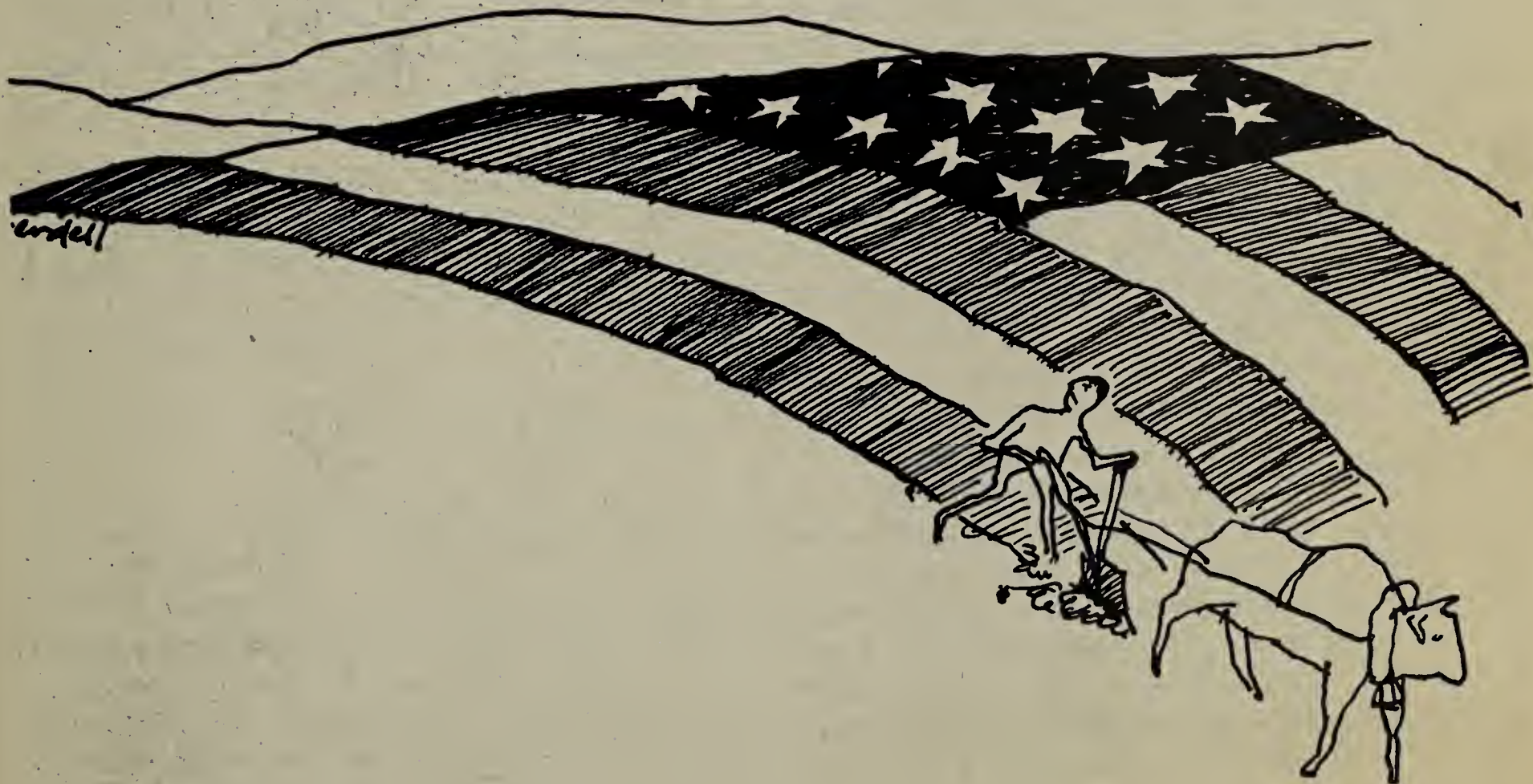
The Council was set up as a "non-profit" agency by forty-one top corporate executives along with representatives from the academic world and funding by the Ford and Rockefeller Foundations. Prominent among its spokesmen were several loyal Rockefeller hands--Sterling Wortman, head of Agricultural Sciences at the Rockefeller Foundation, and Clifton R. Wharton, then Vice-President of the Agricultural Development Council. The stage was being set by these miracle workers for the publicity campaign to sell the green revolution as a panacea for the 1970s.

The Council operated somewhat sluggishly during 1968 under its president George L. Mehren, a

Many people have asked themselves why Robert McNamara chose a lacklustre figure like Lester Pearson as the stylesetter for the 1970's. There can be little doubt now about the wisdom of his choice since the mediocre results are there for everyone to see. Looking more closely at the Pearson episode, it becomes increasingly evident that the choice does have a symbolic value worthy of McNamara's managerial mind. The enigma resolves itself once one realizes that Canada in his view is the model because it represents the highest stage of dependency.

former Assistant Secretary of Agriculture, who relied heavily on pub-

lic relations agents like Forest Murden for his ideas. Then late in 1969 the Council received a boost when AID arranged a contract to conduct feasibility studies on food marketing. Congress had abolished AID's authority to share the cost of pre-investment surveys with operating companies in 1968. So the task was apparently farmed out to the non-profit Council whose flexibility enabled it to administer a program AID could not. The agreement signed in August 1969 was the first time AID had arranged with a private organization to actually administer government-supported incentive programs. In reality this represented the trend of the future where the management of aid would increasingly be transferred from government hands into those of business.



The People Bomb Keeps Ticking

10 The ruling elites are panicking. Mandarins and managers alike freak at the 'problems' of the 'seventies.' Environmental destruction, population explosion, urban congestion...insurrection conspire to topple their world. They are mesmerized by the fear of the population explosion. Foundations, corporations and officials confer to isolate the problems and mobilize the solutions...

9 The dessicated environment, food shortages and famine, population concentration and explosion cannot be isolated; they defy the problem solving techniques of corporate management. Little

The Population Explosion

wonder, for all these problems confronting capitalist domination were created by capitalist development. Their solution has become the problem. The rapacious waste of corporate consumption-production is the ecological threat the rulers of capital tell us they will solve. The food shortages, hunger and famine are the creations of an enforced system of international inequality... their system. Population explosion in the Third World is the by-product of capital's earlier needs for strong backs for the extraction of the world's mineral resources.

8 Population growth, urbanization, starvation...silent murder of Third World peoples has never bothered the owners and managers. What bothers them is loss of control of the system which creates and feeds off of these conditions. Population control -- the management of populations becomes a necessary extension of resource and market control. It streamlines the exploitation of human resources.

7 The managers of international capital are attempting to mobilize assistance in the rationalization process. "Two-thirds of mankind -- more than two billion individuals -- remain entrapped in a cruel web of circumstances that severely limits their right to the necessities of life." That's true, it is a fact. The xeroxed ideas from Foundations, corporations, church and state repeat the scenario of apocalypse. Their description is right, the conclusion is wrong. The 'web of circumstances' is not the growth of people...but the growth of capital.

PACKAGING DEATH TECHNOLOGY

The world is reaching an impasse where two processes converge: ever more men have fewer basic choices. The increase in population is widely publicized and creates panic. The decrease in fundamental choice causes anguish and is consistently overlooked. The population explosion overwhelms the imagination, but the progressive atrophy of social imagination is rationalized as an increase of choice between brands. The two processes converge in a dead end: the population explosion provides more consumers for everything from food to contraceptives, while our shrinking imagination can conceive of no other ways of satisfying their demands except through the packages now on sale in the admired societies.

--Ivan Illich



6 Recontrol, restablize...intervene. The managers size up the problem to be one of per capita GNP. They've already intervened to develop the underdeveloped: certainly population growth reduces per capita GNP growth. Intervention to control people growth certainly makes sense in terms of GNP growth, which is the basis of conventional development theory. The elite institutions of development intervention change names, shapes, colors and sizes in a proliferation of foundations and committees of historic proportions.

5 At certain levels the actions and intentions of capital and management are obscured. Some are more candid. Military-finance General William Draper (of Dillon Reed) touches upon reality:

If the World Bank expects to get its loans repaid by India, if the U.S., much of whose aid is in the form of loans, expects to have them repaid...the population problem...must be solved.

4 There will be no massive but humane reduction of population growth resulting from birth control technology. The introduction of such technology is just as out of step with the rhythm of human development as are the enclaves of copper mines and rubber plantations which corporate capital has already introduced throughout the third world.

3

As population control becomes a major priority, outside the context of a real development program, less 'humane' intervention becomes increasingly reasonable to management and the public opinion which they manage. Middle-class self-righteous of Zero Population Growth, the academic community, racists of all descriptions can join the hunt. The liberal self-limited family folk believe the poor peasants need us to make their decision for them. If we kill people to protect them from Communism, destroy cities to save them, we can certainly spray populations to save them from themselves.

2

Ford's McNamara, architect of genocide in Vietnam, is attempting to mobilize the public to actively participate in the enactment of Songmai, the Global Village.

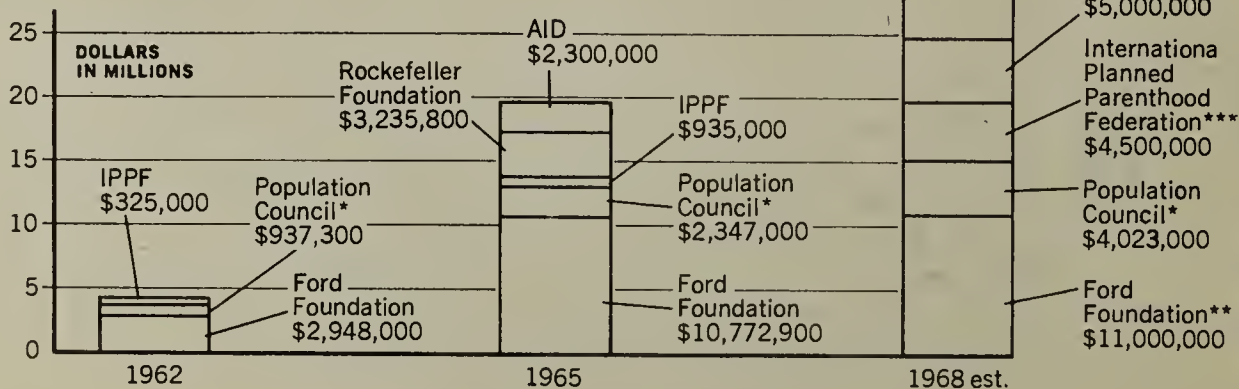
Providence has placed you and me--all of us--at the fulcrum point in history where a rational, responsible, moral solution to the population problem must be found. You and I, all of us, share the responsibility--a responsibility to find and apply the solution.

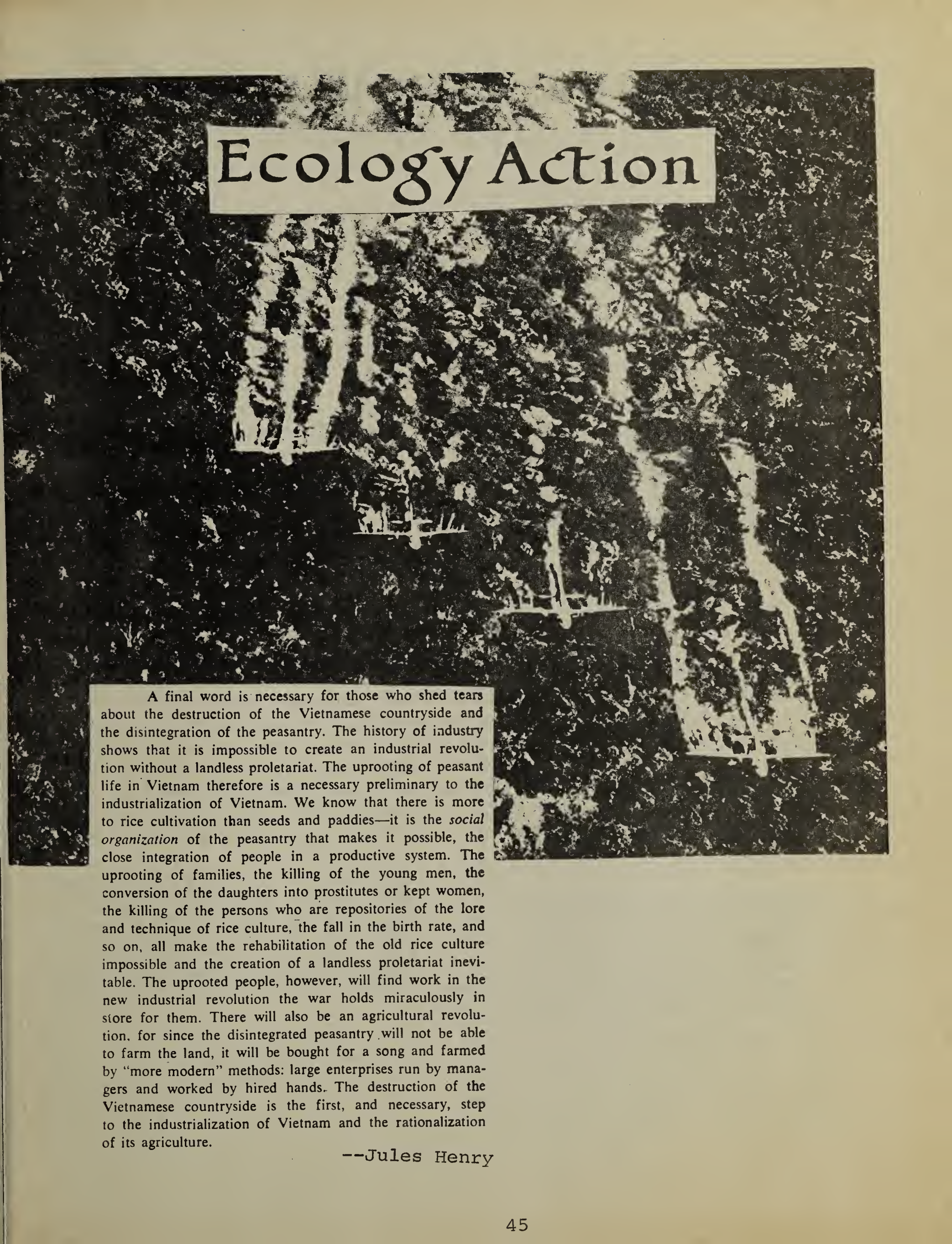
1

Corporate mandarins and managers prefer indirect control...it is more rational and much cleaner. The Third World elites and middle class vanguards whom they have created can not afford the luxury. It is they who will do the spraying. Their privileged position as mediators between international capital and the people is jepordized...their insecure position is increasingly vulnerable. Understandably, they view insurrection as irrational, mad acts caused by too many people. Ayub Khan feared his overthrow in terms of Pakistani population growth, where "the people would disintegrate into almost wild animals." Animals indeed. Corporate capitalism does not fear animals.

Zero Hour. The fears of the Sixties become prophecy. The ruling class undergoes a "humane but massive reduction."
THE PEOPLE BECOME THE POWER.

COMMITMENTS OF MAJOR AGENCIES IN POPULATION





Ecology Action

A final word is necessary for those who shed tears about the destruction of the Vietnamese countryside and the disintegration of the peasantry. The history of industry shows that it is impossible to create an industrial revolution without a landless proletariat. The uprooting of peasant life in Vietnam therefore is a necessary preliminary to the industrialization of Vietnam. We know that there is more to rice cultivation than seeds and paddies—it is the *social organization* of the peasantry that makes it possible, the close integration of people in a productive system. The uprooting of families, the killing of the young men, the conversion of the daughters into prostitutes or kept women, the killing of the persons who are repositories of the lore and technique of rice culture, the fall in the birth rate, and so on, all make the rehabilitation of the old rice culture impossible and the creation of a landless proletariat inevitable. The uprooted people, however, will find work in the new industrial revolution the war holds miraculously in store for them. There will also be an agricultural revolution, for since the disintegrated peasantry will not be able to farm the land, it will be bought for a song and farmed by "more modern" methods: large enterprises run by managers and worked by hired hands. The destruction of the Vietnamese countryside is the first, and necessary, step to the industrialization of Vietnam and the rationalization of its agriculture.

--Jules Henry

Does Aid Work?

(and if so, for whom?)

The Foreign Assistance Act of 1969 created the Overseas Investment Corporation, increased multi-lateral development assistance and emphasized bilateral military assistance. While the functions of the foreign aid program remain unchanged, new emphases and forms indicate important shifts in AID strategy and tactics. These changes were necessitated by the experience of the Sixties, and offer a prophesy for the Seventies.

In the United States the debate over foreign aid has broken down on liberal/conservative lines, or so we've always assumed. Liberals favored aid, arguing the case of international responsibility of the affluent towards the less fortunate. Conservatives opposed aid programs for reasons frequently rooted in parochial isolationism. Not suprisingly, the corporate elite has usually come down on the liberal side of the arguments. Their reasons always had less to do with idealism and more with their own profit. While their motives were portrayed as limited in scope and beneficial in effect, their real objectives were the expansion of their corporations and the establishment of an international system of dependency - with them at the top.

Any critical look at foreign aid programs and their positive or negative contributions to the development of the Third World must do more than account for performance in terms of officially stated goals. It must place effects of aid on underdeveloped countries in the perspective of a system in which rich countries become richer and poor countries become poorer despite the aid given by the former to the latter.

Why Aid?

A lot of criticism of foreign aid is because the critic thought the objective was to get economic growth, and this wasn't the objective at all.

(D.A. Fitzgerald, Dept. of State, '48-'61)

The U.S. foreign assistance program has developed over the past three decades, during a period that witnessed the unparalleled expansion of the American Empire. While the forms of foreign aid have changed during this period, its objectives remain the same. AID continues to function as the most effective arm of American economic and political influence in the underdeveloped countries of the Third World. The program's basic objectives are:

1. Penetration: the opening-up of otherwise closed areas to American political and economic interests. In the areas of Asia and Africa formerly under European control, this has meant employing aid as a means of breaking down legal and administrative barriers to American entrance. In general, we may call this function decolonization.

2. Modernization: restructuring the economic, political and social fabric of the recipient of the recipient country into patterns which are in harmony with the needs of the international economy.

3. Stabilization: creating relationships of dependence in which U.S. investment and finance capital can profit.

The mechanisms employed to achieve these objectives have evolved to meet the changing needs of the American corporate interests which they serve.

Perspective on Aid

The American foreign assistance program had its origins in the Marshall Plan efforts to rebuild a war ravaged Europe. As the new historians of the cold war have shown, American foreign aid was rebuilding more than physical structures; it was in fact constructing and realigning power relations among the European powers. When the war wreckage was cleared and the European economy reconstructed, U.S. corporations emerged in a dominant position throughout the continent. The political subordination of Europe to the United States was skillfully engineered as American technicians and strategists redesigned European institutions and penetrated European markets. This new economic interventionism, couched in the highly charged cold war language of anti-communism, aligned government policy solidly with the growth needs of the American multi-national corporations. (see David Horowitz, ed., The Corporations and the Cold War, MR Press, 1969.)

Marshall Plan funds were also used to survey the African continent "from the Sahara to the Cape," for critical mineral resources. Following the outbreak of the Korean war, this aid program was extended to select countries in Asia, preparing the way for American economic and political intervention into Vietnam, Taiwan and the reconstruction of the Japanese

economy. While these aid programs had political objectives which meshed with the strategy of containment, they had a deeper economic meaning.

The added requirement of the Korean War, increased U.S. needs for raw materials to meet the demands of mass consumption-waste production. In order to formulate a long-range program to insure continued resource availability, President Truman created the Minerals Policy Commission (Paley Commission). Its job was to evaluate long-range resource requirements of U.S. industry and make policy recommendations to insure their future supply. The Committee's report, Resources for Freedom, candidly laid bare the primary threat to continued capitalist expansion: not Communism, not the absolute depletion of natural resources, but rising costs which would insidiously "impair the dynamic quality of American capitalism," and weaken the economic foundations of national security. To assure the supply of low cost raw materials, Truman instructed the National Security Resource Board (NSRB) to develop the 'new encouragements' program advocated by the Paley Commission to gain access to Third World resources. The NSRB recommendations called for economic aid as the means to gain access to new resource areas (decolonization,) as well as the use of development aid to provide the infrastructure needed to make corporate exploitation profitable. The use of loans, grants and project-tied technical assistance proved successful. It facilitated American penetration and resource exploitation which

exploitation while providing an invaluable tool which the cold warriors wielded to reward or punish political regimes. This narrowly-defined aid program had its political uses, but it was not enough to formulate corporate expansion in the newly independent states of the Third World. More was needed to create the overall stability vital to maintain the desired 'favorable investment climates.'

What was needed was a fresh approach - one which assured expanding and favorable investment markets through indirect control. As one AID committee observed, we must create "relationships of mutual confidence and a feeling that foreign nations benefit from being dependent in a greater or lesser degree on us." The need was for a more sophisticated approach to achieving political goals, emphasizing rapid economic and political growth along lines compatible with Western capitalism.

The Agency for International Development (AID), established in 1961 as part of the Economic Assistance Act, was the formalization of Kennedy's efforts to extend and refurbish the foreign assistance program. AID was to symbolize a shift in policy from the defensive emphasis of buying-off Communism to the activist stress on an integrated approach to development. AID was marketed, both domestically and abroad, as an effort to promote the recognition that the development process required more from the developed world than an odd hydroelectric project or mining enclave. The new development program organized itself around

its own ideology, a "non-Communist manifesto," laying bare the dynamics of 'free world' development (see W.W. Rostow, The Stages of Economic Growth.) The basic ingredients in this development cookbook, to be injected by means of a multi-stage schema, were modernization and investment. The implication was quite clear: in order to develop and modernize, underdeveloped countries would have to become more dependent upon the institutions, capital and technology which could only be supplied by the most advanced of capitalist economies, most particularly the United States.

While the substance of Rostow's stages of economic development' has been demolished by both Marxist and bourgeois economists alike as having no sound theoretical basis, its policy implications continue to be very much a part of AID development strategy. This is not so perplexing; the genius of the Rostowian model is not in the anticipated level of achieved development, but in providing a seemingly sound justification for American economic and political intervention in areas of the underdeveloped world which are crucial to American interests, but from which it might otherwise be excluded. This development equation justified US intervention and assured corporate profits; and if by chance it was sound, the countries of the Third World could hardly be expected to reject it.

But, by and large, aid hasn't worked--not even in its own terms. The first development decade could easily be renamed a Decade of Dependence. Not only have growth

rates failed to meet advertised heights, but the underdeveloped countries are now more indebted than before receiving foreign assistance. As they now petition the developed nations for more meaningful aid through such forums as UNCTAD, the developed nations are cutting back their overall assistance flows. The US aid program has been scaled down drastically as a result of Vietnam pressures and domestic disillusionment with its results; but even had it remained at early 1960's levels, it could have done little more than maintained the existing patterns of institutionalised inequalities it was designed to create and perpetuate.

To maximize the impact of its own programs, US aid planners concentrated their efforts on a few select countries, arrogantly labeled "showcases." These countries, including Columbia, Nigeria, Taiwan, Pakistan and South Korea, were selected for special attention. These were to become the models of non-communist development and prosperity. Ten years later, these countries are in no better and often worse economic and political condition than when their special 'development' was initiated. In almost every instance, the showcase window cracked or was held together only by repressive or dictatorial regimes. In each case, artificially primed economies, burdened with oppressive and unequal class divisions necessitated constant backing by their US overseers. Aid development programs could do little more than reinforce dependency and the growing sense of despair.

Third World Capital For Corporate Development

If AID was not helping Third World peoples, it was giving U.S. business a significant boost. Former World Bank President Eugene Black, who now heads up the Overseas Development Council, has concisely explained how AID benefits business. His words bear repeating:

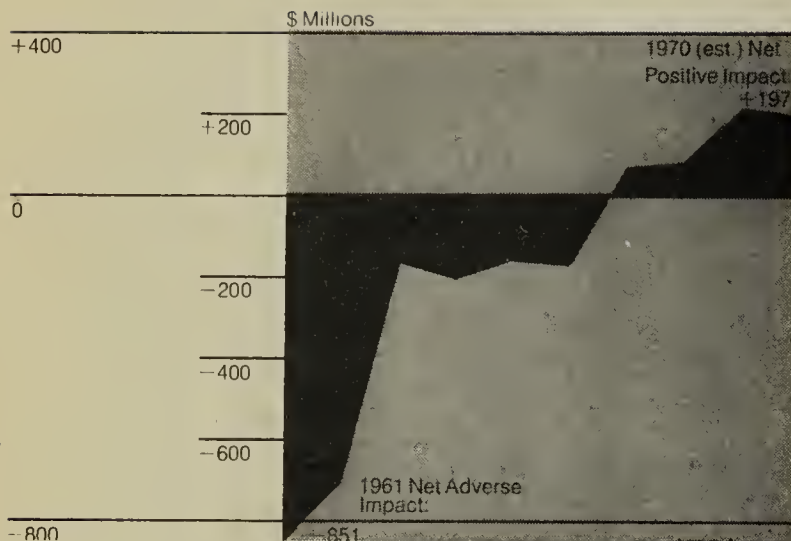
Our foreign aid programs constitute a distinct benefit to American business. The three main benefits are:

(1) Foreign aid provides substantial and immediate markets for US goods and services.

(2) Foreign aid stimulates the development of overseas markets for US companies.

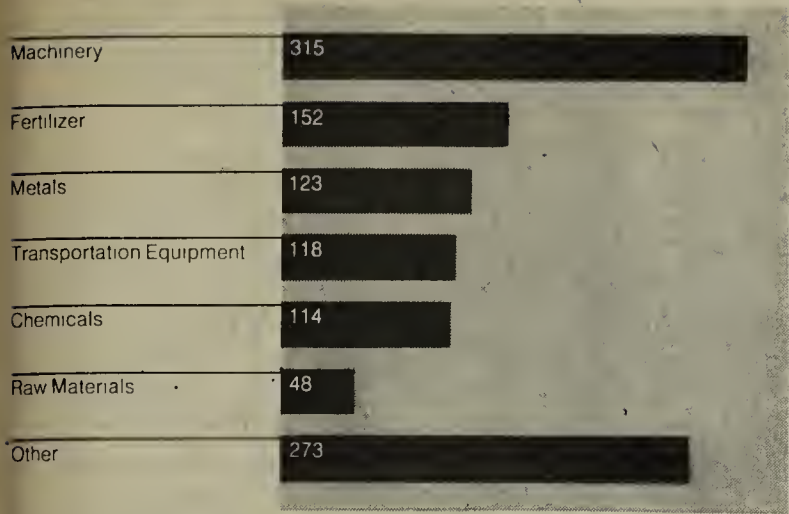
(3) Foreign aid orients national economies towards a free enterprise system in which US firms can prosper.

Foreign aid not only provides markets for US goods and services, it artificially creates them. Over one-half of all US exports to developing countries are directly financed by AID and PL 480 (Food for Peace) programs on a tied-source basis. For big business in the US this means even bigger business, as public subsidies encourage increased corporate expansion of production and markets. AID subsidizes the further monopolization of key sectors of the US economy by multi-national corporations, squeezing out small-medium farmers and business through the use of the taxes they contributed.



AID's Direct Effect on the U.S.
Balance of Payments

This is not to say that the AID technicians who flooded the Third World could claim no accomplishments: dams were built, schools constructed and servile elites formed. AID disbursements opened sectors of many countries to US penetration, while technicians and other experts hacked away at the existing institutions to reorient or replace them with foundation funded-university linked modernizing agencies. Some of these changes and spare change filtered down into the lives of the peasantry or urban workers. But in most cases, the majority of the populations remained at the bottom of the international division of labor, trapped under the enforced structures of underdevelopment.



Major Commodities Purchased
in the U.S., FY 1968

Free enterprise orientation means making the economic surplus of the underdeveloped countries freely accessible to multi-national corporations. AID paved the way for the massive increases in US corporate investment in the underdeveloped world during the 'sixties. From 1960 to 1964, for example, when AID programs were gaining momentum, US corporate investments grew by 76% in Africa, 34% in Asia and 11.3% in Latin America. This investment increased from 45% of the 'free world' total in 1963 to 68% only two years later. Third World investments mean higher profit for multi-national corporations. US investments in the underdeveloped countries produced average rates of return 10% higher than US investments in the developed capitalist countries during this period.

AID directly contributed to this fantastic growth of corporate profits, through risk guarantees, pre-investment, market studies etc. It has been, and will certainly continue to be the US multi-national corporations, not the Third World, which AID develops.

To AID recipients go the benefits of over-priced machinery, ill-suited to local development needs. American machinery is characteristically designed for highly technical capital intensive operation, rather than the less sophisticated labor intensive requirements of the underdeveloped countries. To these costs must be added such factors as super-inflated shipping expenses, the addition of service payments to the cost of goods, etc.

The effects of foreign aid on the Third World have been devastating. Development loans received by underdeveloped countries increasingly shackle them with service and interest payments scheduled well into the future, prohibiting the present or future accumulation of investment capital for national development. George Wood, ex-president of the World Bank, explained their dilemma: "The servicing of official debts from the past already cancels out some two-thirds of the official movement of capital into developing countries." Development aid has reached a stage where it simply consumes itself, while continually AID-

Corporate stake in foreign aid

These are among the corporations whose export business is boosted by foreign aid

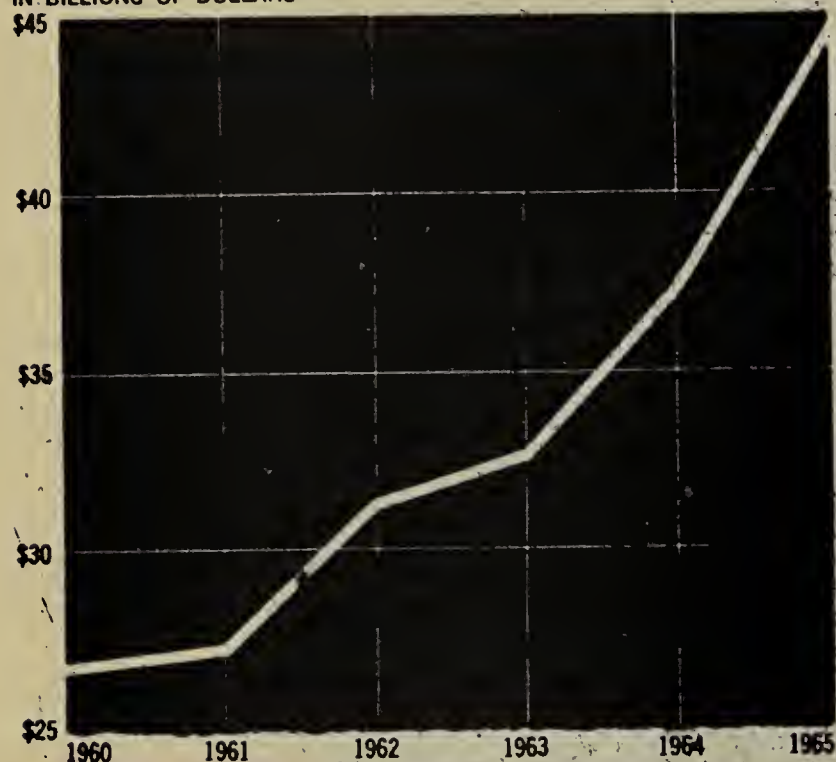
Exports financed
by foreign aid,
Jan. 1-May 15
[millions of dollars]

Allied Chemical	\$2.3
Caterpillar Tractor	5.4
Coastal Chemical	2.3
Ford	2.3
International Harvester	3.2
International Minerals & Chemical	2.1
Kaiser Jeep International	2.1
Rohm & Haas	2.4
United States Steel	3.2

Data: AID

CORPORATE PROFITS AFTER TAXES

IN BILLIONS OF DOLLARS



Source: U. S. Department of Commerce.

financed development and technical assistance often creates even greater impediments to future development adding to existing debts. Through development and project-tied loans the U.S. can determine where and what projects will be undertaken. This primarily results in the construction of hydroelectric projects, railways, harbors and other infrastructure projects which are oriented not toward national development, but rather flow into the international economy. Payment for these marginal profit undertakings is assumed by the recipient country, with the added burden of service and interest payments on the development loan itself. Investment enters only the high profit sectors of the economy; characteristically, the export sector, which reinforces the division between national development and the demands of international capital perpetuates the dual economy. Once established,

these industries often expand into associated activities, removing the possibility of supportive national industries. The labor demands of expatriate-extractive industries dislocate peasants from agricultural production, necessitating the importation of basic foods once locally produced. This further accelerates removal of capital from the country. These effects will continue to contain and distort the economies of the Third World, imposing growth patterns which cannot by any definition be termed development. What has been created is a cycle of dependency throughout the Third World. Increasing service payments on debts, which now grow by over 20% each year, combined with profit repatriation from corporate investment, have produced a multiplier effect on the flow of resources from the Third World. The flow of resources into Latin America ('67) was a MINUS \$887 million; for Africa, a MINUS \$177 million. For Asia, there was a net flow of \$1.715 billion to cover the costs of modernization and stabilization in Vietnam.



Outwitting the "Developed" Countries

Ivan Illich

It is now common to demand that the rich nations convert their war machine into a program for the development of the Third World. The poorer four fifths of humanity multiply unchecked while their per capita consumption actually declines. This population expansion and decrease of consumption threaten the industrialized nations, who may still, as a result, convert their defense budgets to the economic pacification of poor nations. And this in turn could produce irreversible despair, because the plows of the rich can do as much harm as their swords. US trucks can do more lasting damage than US tanks. It is easier to create mass demand for the former than for the latter. Only a minority needs heavy weapons, while a majority can become dependent on unrealistic levels of supply for such productive machines as modern trucks. Once the Third World has become a mass market for the goods, products, and processes which are designed by the rich for themselves, the discrepancy between demand for these Western artifacts and the supply will increase indefinitely. The family car cannot drive the poor into the jet age, nor can a school system provide the poor with education, nor can the family icebox insure healthy food for them.

These thoughts are excerpted from a larger article published in the New York Review of Books, Nov. 6, 1969.

Rich nations now benevolently impose a straightjacket of traffic jams, hospital confinements, and classrooms on the poor nations, and by international agreement call this "development." The rich and schooled and old of the world try to share their dubious blessings by foisting their pre-packaged solutions on to the Third World. Traffic jams develop in São Paulo, while almost a million northeastern Brazilians flee the drought by walking 500 miles. Latin American doctors get training at the New York Hospital for Special Surgery, which they apply to only a few, while amoebic dysentery remains endemic in slums where 90 percent of the population live. A tiny minority gets advanced education in basic science in North America—not infrequently paid for by their own governments. If they return at all to Bolivia, they become second-rate teachers of pretentious subjects at La Paz or Cochibamba. The rich export outdated versions of their standard models.

The Alliance for Progress is a good example of benevolent production for underdevelopment. Contrary to its slogans, it did succeed—as an alliance for the progress of the consuming classes, and for the domestication of the Latin American masses. The Alliance has been a major step in modernizing the consumption patterns of the middle classes in South America by integrating them with the dominant culture of the North American metropolis. At the same time, the Alliance has modernized the aspirations of the majority of citizens and fixed their demands on unavailable products.

Each car which Brazil puts on the road denies fifty people good transportation by bus. Each merchandised refrigerator reduces the chance of building a community freezer. Every dollar spent in Latin America on doctors and hospitals costs a hundred lives, to adopt a phrase of Jorge de Ahumada, the brilliant Chilean economist. Had each dollar been spent on providing safe drinking water, a hundred lives could have been saved. Each dollar spent on schooling means more privileges for the few at the cost of the many; at best it increases the number of those who, before dropping out, have been taught that those who stay longer have earned the right to more power, wealth, and prestige. What such schooling does is to teach the schooled the superiority of the better schooled.

In most Third World countries, the population grows, and so does the middle class. Income, consumption, and the well-being of the middle class are all growing while the gap between this class and the mass of people widens. Even where per capita consumption is rising, the majority of men have less food now than in 1945, less actual care in sickness, less meaningful work, less protection. This is partly a consequence of polarized consumption and partly caused by the breakdown of traditional family and culture. More people suffer from hunger, pain, and exposure in 1969 than they did at the end of World War II, not only numerically, but also as a percentage of the world population.

These concrete consequences of underdevelopment are rampant; but underdevelopment is also a state of mind, and understanding it as a state of mind, or as a form of consciousness, is the critical problem. Underdevelopment as a state of mind occurs when mass needs are converted to the demand for new brands of packaged solutions which are forever beyond the reach of the majority. Underdevelopment in this sense is rising rapidly even in countries where the supply of classrooms, calories, cars, and clinics is also rising. The ruling groups in these countries build up services which have been designed for an affluent culture; once they have monopolized demand in this way, they can never satisfy majority needs.

Underdevelopment as a form of consciousness is an extreme result of what we can call in the language of both Marx and Freud "*Verdinglichung*" or reification. By reification I mean the hardening of the perception of real needs into the demand for mass manufactured products. I mean the translation of thirst into the need for a Coke. This kind of reification occurs in the manipulation of primary human needs by vast bureaucratic organizations which have succeeded in dominating the imagination of potential consumers.

Defending the Empire Vietnamization of the World

As the U.S. strategists re-cycle foreign 'aid' policy in order to achieve more subtle, and a more effective penetration, so they are re-cycling military policy along the similar lines and toward the same ends. The new military policy, dubbed a "low profile" approach, involves reducing the inflated size of the military machine and the numbers of U.S. soldiers stationed in other countries.

This policy shift is a response to the failure of the U.S. military efforts in Vietnam and the snowballing public opposition to it. "If we have learned anything from Vietnam," says Deputy Defense Secretary David Packard, "it is that it is not very easy to solve any of our foreign problems with our military capability." The military planners hope Vietnamization - the racist slogan for training of puppet armies - can work with a step up in advisory programs and arms flows to U.S. trained military forces in subject countries. Former Secretary of Defense, Clark Clifford, explained:

Clearly the overriding goal of our collective defense efforts in Asia must be to assist our allies in building a capability to defend themselves. Besides costing substantially less (an Asian soldier costs about 1/15 as much to maintain as his American counterpart), there are compelling political and psychological advantages on both sides of the Pacific for such a policy.

The policy of Vietnamization is not new nor is it limited to Southeast Asia. It represents a continuing U.S. military policy for the world. "I believe," Packard told the House Foreign Affairs Committee:

that the best hope of reducing our overseas involvements and expenditures lies in getting allied and friendly nations to do more than they are now doing in their own defense. (read: defense of U.S. imperialist interests) To realize that hope, however, requires that we must continue, if requested, to give or sell them the tools they need for this bigger load we are urging them to assume.

It is clear that this military policy, represented as "a distinct American disengagement from affairs of other nations", is no more than a continuation of old policies with a new rhetoric. While the policy involves cutting the Pentagon budget by \$5 billion and reducing the size of U.S. military forces by 500,000 men (by 1971), it also involves an increase in direct military aid to "allied and friendly" regimes in the Third World. Packard told Congress that U.S. arms sales to underdeveloped countries "will continue upward, particularly in implementation of programs to enable them to defend themselves and make it unnecessary for us to involve our manpower." (emphasis added)

In this context, Gov. Nelson Rockefeller's recommendations after his fun-filled trip to Latin America are likely to be adopted as specific policies for that area. "It is my judgment," he told the House subcommittee on Western Hemisphere Affairs, "that our interests can best be served by ...continuing the military aid program relating to equipment for internal security purposes."*

The purpose of this increased military aid is to enable "friendly" regimes of the underdeveloped world to enforce the stability needed for increased economic penetration by U.S. corporations. The emphasis, therefore, is on those areas of military aid that would most effectively promote internal security while at the same time involving the least overt U.S. presence. In Latin America, at least, where urban revolutionary movements have demonstrated increasing strength and effectiveness (one bombed a chain of Rockefeller supermarkets in Argentina during his visit there), Rockefeller's recommendations emphasize programs to upgrade the police forces and technology of the governments there.

These programs are already underway on a global scale. AID has its own "public safety program" in Latin America. In Africa, the U.S. military supplies material and training to several nations but with a particular emphasis in Ethiopia, Liberia and the Congo; the former colonial powers continue to bolster existing military units. While these programs are continued, military planners are in the process of animating new multi-lateral military institutions which are described in another section.

President Nixon's minimal downgrading of the Pentagon has been more of a public relations gesture than anything else. The pressures of the International monetary crisis, and uncontrolled inflation has forced him to cut out unnecessary spending programs. By the military budget, he can also pacify liberal critics and corporate interests who find the Military's present size more of a problem than a solution. As a time when revenues are needed to maintain technological competition with Europe and Japanese political control over Third World revolutions, ghetto revolts and campus rebellions, a good part of Pentagon spending is simply waste.

AID 'Public Safety' Programs

The AID Public Safety programs provide assistance in the form of technical advice, training, and in some cases limited amounts of equipment to civil police in 16 Latin American countries. Basic to all public safety efforts is the developing of a police institution and the improvement of its capability to exercise its proper role in its country's development. In addition to improving the police responsibility for the preservation of law and order and the protection of life and property, the programs seek to orient the police to function as an important community service and inculcate the concept of "public service" in policing, including the protection of the peoples' rights to dissent within the boundaries of law.

BOLIVIA: The basic program objectives in Bolivia are (1) to improve and expand the National Police Academy's capacity for training, (2) to establish a country-wide telecommunications system and (3) to develop a capability for the provision of adequate police services to the public in lesser cities and rural areas.

BRAZIL: The Public Safety program has assisted the Brazilian police in the installation of a national communications system and the establishment of federal law enforcement institutions which provide training and technical services to the police of any requesting state within Brazil. To this end, the National Police Academy, National Institute of Criminalistics have been established and the National Telecommunications Training and Maintenance Center is nearing completion.

CHILE: The Public Safety program in Chile has been limited primarily to technical assistance in the telecommunications and vehicle fleet management fields. The basic national telecommunications installation was completed by the end of 1968; program emphasis is presently being placed on telecommunication maintenance and repair training.

COLOMBIA: The purpose of the Public Safety Project in Colombia is to increase the police capabilities to maintain law and order in a humane manner through the improvement of training institutions and assistance in the telecommunications and vehicle patrol fields. Communications equipment has been extended to 13 of the 22 departments, as well as to 19 major cities which previously were lacking such services.

COSTA RICA: The program began in Costa Rica with fragmented and decentralized public forces in 10 separate agen-

cies. Progress has been made in the establishment of a National Police School, organization, administration, and management training and in the field of telecommunications installation and maintenance.

DOMINICAN REPUBLIC: Public Safety assistance has been provided the Dominican Republic to rebuild the police forces after Trujillo by improving mobility, establishing modern training institutions, expanding and improving the communications network and developing their maintenance capabilities.

ECUADOR: Public Safety efforts in Ecuador have been directed toward (1) providing technical assistance in creating an adequate police capability in urban areas, (2) improvement and expansion of the telecommunications network, (3) technical assistance in establishing vehicle maintenance facilities, (4) improvement in the rural police school and (5) assistance in establishing a central identification system.

EL SALVADOR: The Public Safety program encompasses the civil law enforcement agencies and the primary program objectives are (1) to establish a basic police communications network, (2) implementation of a modern records system, (3) improvement of the National Police School and crime laboratory and (4) assistance in the reorganization of patrol zones.

GUATEMALA: Public Safety has assisted the police of Guatemala in establishing a model precinct in Guatemala City and a model rural town police system, in improving the crime and photo laboratory, in converting the fingerprint system to conform with other countries in the Western Hemisphere and in establishing a mobile crime scene processing unit.

GUYANA: The purpose of the Public Safety Project in Guyana is to provide technical assistance in training, operations and communications, in addition to assistance in the development of police leadership and expanding planning at the national level to improve research, budgeting and operational procedures.

HONDURAS: The Public Safety program in Honduras has devoted its efforts to the reorganization of the civil security force and the establishment of a modern

training facility in addition to implementing an effective communications network. Current efforts are devoted to improvements in leadership, organization, administration and in the police management field.

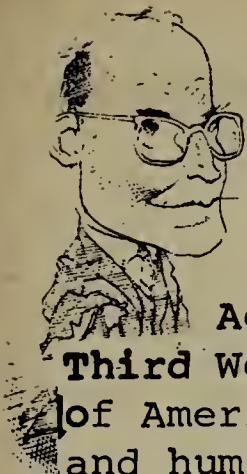
JAMAICA: The Public Safety program has been designed to assist the Jamaican government in carrying out a major reorganization of its police force. This is being accomplished through technical assistance in the areas of training, administration, communication, records, operations and identification procedures. In addition, a highway patrol unit has been established to curb the growing highway traffic fatalities.

PANAMA: The Public Safety project assists the government of Panama in correcting deficiencies in organization, operations, communications, records, patrol, inspection and training of its forces performing civil police functions. Improvements have resulted in all these areas, particularly in training, organization and communications. Technical assistance has also been provided in the implementation of police social-civic action programs.

PERU: The Public Safety program in Peru assists three law enforcement agencies, the Civil Guard, the Investigative Police of Peru and the Republican Guard. Administrative and organizational assistance in addition to technical advice in police records and communications have been the primary efforts of the program. This program has been greatly reduced recently.

URUGUAY: The Uruguay Public Safety program provides assistance to highly decentralized police forces. Pilot mobile police patrols have been implemented in the capital city which are serving as examples to other urban areas, with a substantial decrease in the crime rate. Technical assistance has also been provided in police communications, establishment of maintenance facilities for both communication and vehicle repairs and in the field of training by upgrading the instructional material in the police training institutions.

VENEZUELA: Public Safety technical advice has been provided to the Government of Venezuela in developing a unified command and Communications Center, implementation of an automatic data processing for records, improved urban mobility and an improved rural police capability.



The Institutional Nexus

Accompanying the growth of American business penetration of Third World economies had been an increasing effort on the part of American business to make their activities appear both beneficial and humane. A well-connected nexus of institutions have been established by American business to simultaneously spread their gospel of "development through private investment" and act to protect their interest within the U.S. These institutions are thus both ideological and practical, serving American business by providing the justifying ideology for their business activities and by mobilizing public opinion when necessary to pressure Congress or other political bodies to advance their economic cause.

FOUNDATIONS OF IMPERIALISM

The major American foundations have played and will continue to play a major role in helping the government and the corporations strengthen the empire in the 1970's.

With millions to spend, and with some of the sharpest, best paid brains designing ways to spend it, the Ford-Rockefeller-Carnegie Foundation complex has helped to create the institutional infrastructure so necessary for managing and extending complex interdependent international system. As David Horowitz explained in his article in Ramparts (April, 1969): "The Foundations sustain the complex nerve centers and guidance centers for a whole system of institutional power. To a remarkable and not accidental degree, this power has both characterized and defined American society and its relations with the rest of the world." The major foundations draw their trustees and directors from America's most powerful and wealthy people; not suprisingly most of their programs, even those with the most altruistic ring to them, share the corporate values and the elitist ideologies.

Many of the institutions which are now surfacing to serve American power in the seventies owe their existence to foundation-financed studies, committees or research institutions. The full range of foundation activities abroad is staggering: Ford and Rockefeller back the Overseas Development Council, the Agri-business Council, and the Tropical Agriculture Institutes which brought us the miracle seeds and the dwarf wheat; they underwrite the activities of the population planners and development assistance experts on a global scale. In the field of education, they have shaped and paid for the well-endowed international affairs programs which do para-intelligence work at most major universities. Foundation fronts send well-selected "scholars" into the villages and fields of the Third World and enable them to publish their findings. They helped set up such groups as Education and World Affairs to promote foundation approved ideo-

logies in universities and schools throughout the world. It is the foundations which have set up the training programs and educational systems which groom middle-class elites favorable toward the United States.

These numerous elite-building exercises in the Third World are totally plugged into the new shifts towards multi-lateralism. Explained Francis X. Sutton, then Deputy Vice-President of Ford's international division:

If one may venture to use a term stirring unpleasant connotations, it may be said that the Foundations have an important role in linking the modernizing elites of the world. Collaborative efforts in development assistance and higher learning foster a network of professional and personal contacts throughout the world.

Sutton's remarks were part of a statement he delivered before a U.S. Congressional committee examining the future of Public Diplomacy. His language illustrates the manipulative nature of most foundation thinking: the "international networks" he hopes to foster are supposed to include many "able" Americans. The task, he confesses is a vast and delicate one and far beyond the resources of the foundations. They have an unquestioned vocation for this task and firmly believe it to be of strategic importance for a better world and a better regarded American position in that order.

To rationalize the business sphere, it is the Ford Foundation which helped set up the private ADELA investment corporation in Latin America. It is also the Ford Foundation which subsidises business training programs, like those at Harvard, geared towards turning out the managers for America's multi-national firms. The object of all this -- and the examples can be multiplied -- is to manage social change in ways which modernize and stabilize the international exploitative system.

The Foundations are trying to use their influence and ideas to promote the delicate but strategically important tasks they have set out for themselves. In their public statements men like McGeorge Bundy, the one-time Presidential CIA liason and Harvard mandarin, have consistently pressed for increases in foreign aid spending. "We believe in foreign aid" he told the Congress recently "on every ground -- of humanity, of peace and of our own American interest. The times do not call for surrender on this front, but for a persistent reaffirmation of the need to do this job right; to fund it properly and give it long-term strength."

This is exactly what the foundations have sought to do. By funding a vast but not uncoordinated network of institutions, they are helping to shape and promote a strategy aimed at doing the job right, ---- giving the Empire "long-term strength."

OTHER AGENCIES

Rather than prepare a detailed catalogue of all the other American organizations involved in formulating imperialist strategy, we will simply list them by area of speciality. A careful study of each organization's principle sponsorship and dominant ideology will reveal another cog in the complex but increasingly integrated machinery which organizes and sustains the American Empire. Like the capitalism that Berthold Brecht protested, imperialism is not a vague concept: it has its own telephone directory and street addresses. Here is a list of some of its more strategic agencies. Concerned people can do the rest.

BUSINESS ORGANIZATIONS

Committee for Economic Development
National Industrial Conference Board
International Chamber of Commerce
U.S. Chamber of Commerce
National Association of Manufacturers
National Foreign Trade Council
Committee for Latin America
African-American Chamber of Commerce
International Private Investment Advisory Council, AID

REGIONAL INVESTMENT CORPORATIONS

Atlantic Community Development Group for Latin America
Private Investment Corporation for Asia
Multinational Investment Corporation for Africa

INTERNATIONAL ORGANIZATIONS

OECD Development Advisory Committee
U.N. Development System
World Bank Group

SECURITY ORGANIZATIONS

NATO; SEATO; OAS; OAU

DEVELOPMENT PROMOTERS

Society for International Development
International Development Council
Foreign Policy Association
Government Affairs Institute

FOUNDATION FRONTS WITH DEVELOPMENT MISSIONS

Overseas Development Council
Agribusiness Council
The Population Council
Education and World Affairs

RESEARCH AND DEVELOPMENT INSTITUTIONS

Stanford Research Institute
Council on Foreign Affairs
Brookings Institute
University Institutes of International Studies (M.I.T., etc.)



Alongside this picture of rapidly-growing, diversified, international giant companies who have access to the world market, we must now place the picture of emergent, sometimes newly-independent, national states. If we rank together gross national product of nation states and gross annual sales of the large corporations, 13 of the 50 largest are private companies. Of the 100 largest, half are private companies, and two-thirds of the private companies are American.

Nigeria is 39th after General Motors, Ford, Jersey Standard, Royal Dutch Shell, General Electric, Chrysler, Unilever, Mobil Oil —

Algeria is 61st after Western Electric and Bethlehem Steel —

Morocco is 64th after International Harvester and Westinghouse —

Ghana is 78th after national Dairy and Union Carbide — and there are no other African countries in the first 100.

THE HONORABLE HERBERT SALZMAN, ASSISTANT
ADMINISTRATOR FOR PRIVATE RESOURCES
AGENCY FOR INTERNATIONAL DEVELOPMENT

WANT MORE INFORMATION?

This pamphlet is no more than an introductory guide to the mechanisms and strategies which serve American imperialism today. A small number of underfinanced radical research groups, mostly staffed on a subsistence basis, have begun the long overdue task of systematically investigating the plans and programs of the ruling elite.

The Africa Research Group (P.O. Box 213 Cambridge Mass. 02138) publishes a series of original pamphlets, reprints, and a newspaper column about economic and political developments in Africa.

The North American Congress on Latin America (P.O. Box 57 Cathedral Station, New York, N.Y. 10025) publishes a regular newsletter as well as separate pamphlets about American imperialism in Latin America. NACLA has also published excellent guides to military research conducted by American Universities.

Pacific Studies Center (1963 University Ave., Palo Alto, Calif.) conducts research into American penetration into the Pacific area. PSC publishes a regular newsletter and occasional articles.

Committee of Concerned Asian Scholars (1737 Cambridge St., Room 305, Cambridge, Mass. 02138) is a more scholarly group which publishes a regular journal dealing with events in Asia.

National Action/Research on the Military-Industrial Complex (NARMIC, 160 North 15th St., Philadelphia, Penn. 19102) is a recently organized group conducting research into the institutions of American militarism. Its first publication is entitled "Weapons for Counter-Insurgency: Chemical/Biological, Anti-Personnel, and Incendiary".

Union of Radical Political Economists (URPE, P.O. Box 287, Cambridge, Mass. 02138) aims at organizing radical economists to research various aspects of American capitalism. URPE organizes conferences and publishes a regular bulletin.

Committee of Returned Volunteers (P.O. Box 380 New York, N.Y.) is composed of radical Peace Corps returnees. Its various branches publish occasional pamphlets (most recently one entitled "Mozambique Will Win") and conducts speaking tours and conferences.

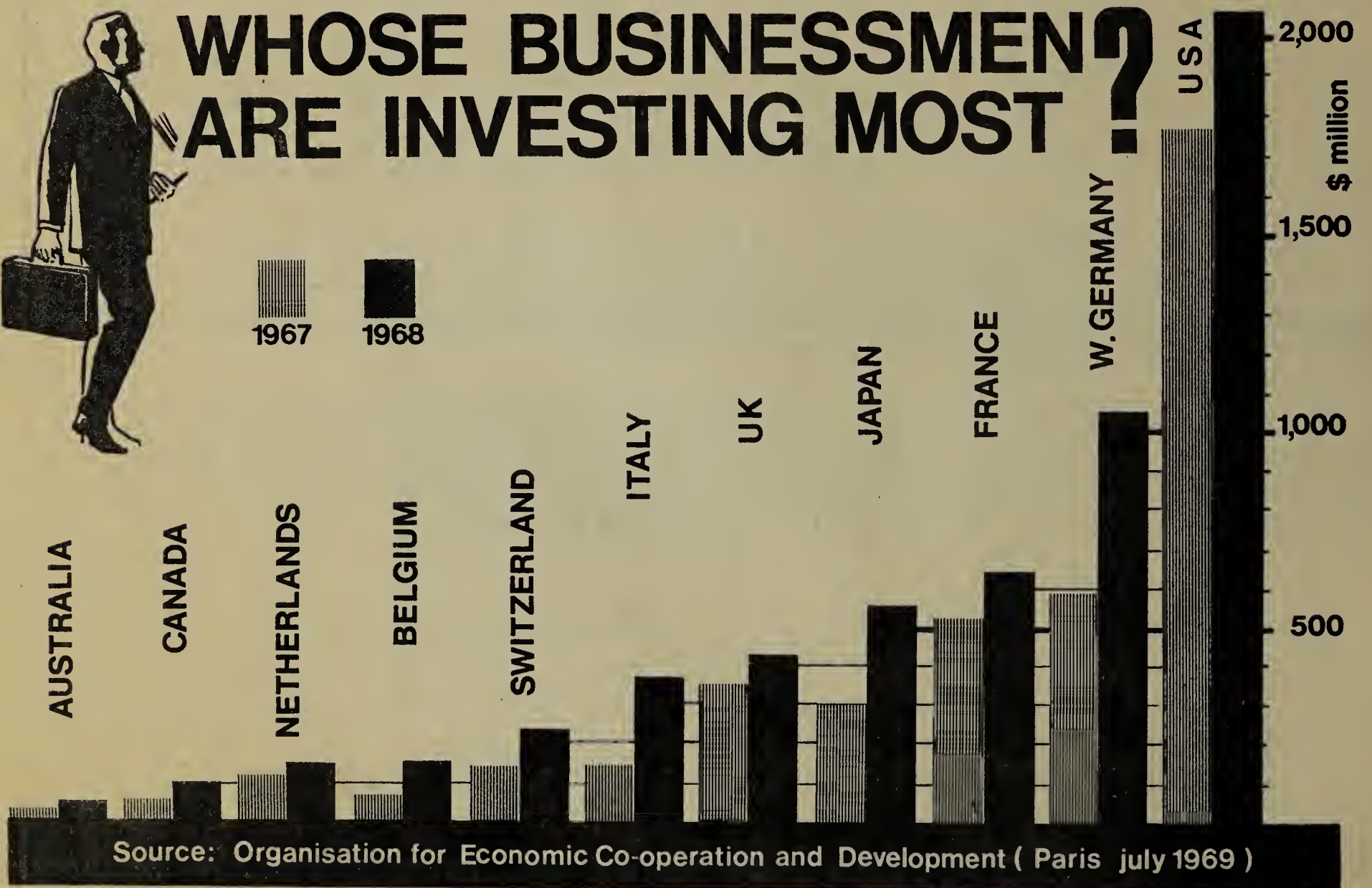
AID: WHO GIVES MOST ?

(As a percentage of national wealth)



PORTUGAL comes top of the 'league' but this is because Africa is treated as part of metropolitan Portugal and big military expenditure is included in the aid totals. Swiss 'aid' is almost entirely private investment. USA gives most but not proportionately to national income.

WHOSE BUSINESSMEN ARE INVESTING MOST ?





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